

## Government to rush through anti-terrorist laws

Jenkins, the Home Secretary, yesterday told MPs in the House of Commons that the emergency legislation would be passed in next week to combat terrorism. The Bill, which will probably pass all its Commons stages on Tuesday, will extend the length of time police can hold people without giving new powers to immigration authorities to turn

back unwanted Irishmen; and extend the law relating to deportations. Whether the IRA will be made illegal in Great Britain depends on ministerial talks this weekend. The Home Secretary said it was now clear that the IRA was intensifying its campaign of indiscriminate murder, and the situation could not be dealt with by appeasement. Later Mr Jenkins left for Birmingham where he visited the bombed buildings.

## Police will be given more powers

Mr Clark, the Home Secretary's Bill to give emergency powers to the police to combat terrorism, will be passed before the end of the month, after the Government has secured the support of the Opposition on Monday, after the Bill was introduced on the 17th. The Bill will be restricted to the period in which people can be detained without being brought into court; it will also be provisions for the search of baggage and the transfer of firearms. But there are also provisions relating to the carrying of identity

cards. There will be a clause in the Bill which will give the police the power to search for and seize any weapons or explosives which they suspect are being carried. The Bill will also give the police the power to search for and seize any documents which they suspect are being carried. The Bill will also give the police the power to search for and seize any other items which they suspect are being carried.

Mr Jenkins, the Home Secretary, has pointed out that there is an advantage in the Bill in that it will give the police the power to search for and seize any weapons or explosives which they suspect are being carried. The Bill will also give the police the power to search for and seize any documents which they suspect are being carried. The Bill will also give the police the power to search for and seize any other items which they suspect are being carried.



Mr Berry Barrington, aged 17, a survivor of the bomb explosion at the Tavern in the Town public house, Birmingham, receiving treatment for his burns and other injuries, yesterday.

charged and brought before the court within 48 hours of arrest; it will be the definition of the reasons on which the police and the immigration authorities will act.

Labour backbenchers who are concerned about the impact of the proposed legislation on civil liberties said last night that they expect the Bill to put a limit on the period that the police can hold suspects without charge or trial.

After a period—they expect it to be seven days—the detainees would be able to appeal to the courts and the police would have to justify their actions.

Similarly with the new powers to exclude "undesirables" at the ports of entry, the backbenchers will attempt to amend the Bill if it does not include the right of appeal against "exclusion" now available to Commonwealth immigrants and others.

One of the chief difficulties in operating a law of this kind will be the definition of the reasons on which the police and the immigration authorities will act.

The Bill will have to include a provision stating the general grounds on which the police and other authorities will exclude intending visitors, and there could be much argument about its application to people of Irish origin who are United Kingdom subjects.

The question of proscribing the IRA and related organizations may also prove to be too difficult, and might lead to unwanted trouble in Parliament. If the organization is proscribed, would the holding of a membership card automatically constitute an offence?

This could be difficult to deal with in legislation, and might lead to injustice. Some MPs would argue that proof of

intent to commit an offence would have to be a prior requirement.

It is not thought that any new powers are needed to enable the police to carry out searches of premises and vehicles, and that the methods of controlling the use and handling of explosives do not require amending. These and other questions are being discussed by Mr Jenkins and his police and security advisers over the weekend.

It is expected that the House of Lords will deal with the legislation in one day, so the Bill could be on the statute book by next Thursday.

Mr Heath won support from all parts of the Commons yesterday for a special day's debate on the general situation that has developed both in Northern Ireland and England, and that terrorists have declared war on citizens generally.

Mr Heath mentioned in particular the appearance on the independent television programme, *Weekend World*, last Sunday of David O'Connor, self-styled chief of staff of the Provisional IRA.

Other MPs have also criticized this programme and are now demanding police action against any member of such an organization who in effect incites people to violence against innocent people.

Mr Heath said that the debate, which is likely to be arranged before Christmas, should be the opportunity for the Government to carry out a radical reappraisal of the action being taken in Northern Ireland and in Britain to deal with the situation.

Pressure for a restoration of the death penalty continues to grow on both sides of the House, but Mr Heath said that he would have to change his mind.

## Terror group threatens to shoot British hostages on hijacked VC10 airliner

From Simon Scott Plummer in Tunis and Paul Martin in Beirut Nov 22

Arab terrorists holding 41 people to ransom on board the British Airways VC10 hijacked to Tunis tonight extended their deadline set for the lives of their hostages. Earlier the group threatened to kill a hostage every two hours unless 13 of their comrades held in Cairo were released.

Egypt refused to negotiate with the terrorist group, but handed the 13 prisoners to the Palestine Liberation Organization.

In Beirut a mysterious caller, claiming to represent the hijackers' command, issued a series of threats including one to kill all British passengers on board the airliner unless Britain admitted responsibility for the plight of the Palestinian people. However, the three terrorists on board the airliner told the Tunisian authorities their aim was to secure the release of the two separate terror groups at present detained in Cairo.

In an earlier call in Beirut, two guerrillas jailed for hijacking a British Airways airliner last year were also mentioned.

Both the Palestine Liberation Organization and the Egyptian Government have condemned the hijacking as

"un-Palestinian" and blame it on "foreign hands". An Egyptian Government statement pointed out that the attack was timed when a vote in favour of the Palestinians was expected at the United Nations. "This sort of act will succeed only in doing great harm to the Palestinian people and their cause," it said.

The hijackers claim to be members of the "Martyr Abu Mahmoud Group", an extremist group sponsored by those who reject the PLO's participation in peace talks. However, the Voice of Palestine, broadcasting from Cairo, said the terrorists were part of an organization run by a guerrilla leader called Abu Nidal, whom it said was backed by the Baathist regime in Baghdad.

As the first three-hour deadline expired tonight, the hijackers radioed to the tower at Carthage airport that they would allow a two-hour extension.

They later extended the deadline again and released four passengers, two women and two children, believed to be Indians or Pakistanis.

The 41 hostages remaining on the airliner are: 10 British passengers; 13 Europeans or Pakistanis; eight employees of the Dubai airport; and the 10 British members of the crew.

The hijackers seized control of the airliner shortly after it touched down in Dubai last night on a flight to Bombay. Dressed as mechanics they stormed the airliner from the passenger lounge, behind a hail of machine-gun fire. An Indian stewardess was shot in the back as she was standing in the aircraft's doorway and a mechanic was shot in the stomach.

The manner in which the hijackers' demands and those of their group lack cohesion and order in fact has raised suspicion of whether they want them met. Our Diplomatic Correspondent writes: A senior Foreign Office official, Mr James Craig, flew to Tunis to take charge of the British Embassy and help in the negotiations to release the passengers. Mr Craig, who is head of the Near East and North African department at the Foreign Office, is a fluent Arabic speaker. The Tunisian Minister of the Interior is handling the negotiations at the airport.

In London the Government was keeping in touch with the Egyptian Government.

The Hague: Mr Joop den Uyl, the Dutch Prime Minister, said the Dutch would release the two jailed Palestinians if this was demanded and innocent lives were at stake.

## Triumph Investment Trust calls in the receiver

It was announced last night that the boards of Triumph Investment Trust and its principal banking subsidiary, G. T. Whyte and Company, have asked their debenture-holders to appoint a receiver. Triumph, the City-based banking and in-

vestment group run by Mr G. T. (Tom) Whyte, has been severely affected by the secondary banking crisis and earlier this year announced that it had received support from the "Lifeboat" committee of the Bank of England and the clearing banks.

## R-R chairman answers critics

In a scathing counter-attack on Whitehall critics of Rolls-Royce's £8 pay settlement, Sir Kenneth Keith reiterated yesterday that the Government had been kept informed throughout. "We faced the facts of life," he said. "The Government should face them too."

Mr Enoch Powell, Unionist MP for Down, South, last night bitterly attacked Conservative MPs for what he termed political corruption in public life.

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The deep feelings in the Commons were signified by the packed front benches. Beside the Home Secretary as Parliament assembled was the Prime Minister, Mr Mason, Secretary of State for Defence, Mr Hattersley, from the Foreign Office, and other senior ministers. On the Tory front bench Sir Keith Joseph, the shadow Home Secretary, was supported by Mr Heath, Mr Carr, Mr Rippon, Mr Walker and Mr Gilmore.

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## Men detained in it for bombers

In Chertsey, an officer heading a group of men into Thursday night's bombings in Birmingham. The men, who were detained at Lancashire, the ports to Northern Ireland, and at Chertsey, were brought to Birmingham on stage 1 shall them," he added. "We are still or the people respon-

in the explosions in two Birmingham public houses on Thursday. Of the 184 injured, many were critically ill last night.

Birmingham police last night named 10 of the dead, including four teenage women. Four bodies, all of men, were unidentified. Two of them were coloured men.

An incident which was seen by millions on television on Thursday night of a group of youths driving away at high speed from the area of the bomb explosions has been checked out by police and they are satisfied that it was not connected with the bomb plan-

ing. Reports of another car seen being driven away from the Bull Ring area were still being investigated.

Forensic experts were still working in the rubble beneath the wrecked Tavern in the Town bar yesterday and the possibility of further bodies being discovered had not been ruled out. Suburban city, page 2

## Angry MPs pledge full support for 'no appeasement' promise

By Hugh Noyes, Parliamentary Correspondent Westminster

The revolution and horror expressed in the Commons yesterday by MPs of all parties indicated that the Birmingham outrage will have widespread legislative and emotional repercussions.

Mr Jenkins, the Home Secretary, announced that he would be bringing in emergency legislation next week to improve security and to help the police in protecting the public.

There was no doubt that Mr Jenkins, who on the advice of the security services has been opposed to banning the IRA, has been swayed by the fears of a vicious backlash against the Irish community in Britain.

Replying to Sir Keith Joseph, on the Tory front bench, who said that the public would not understand a failure to ban the IRA, Mr Jenkins agreed that it seemed paradoxically ridiculous to many people in this

country that the IRA should be allowed to remain a legal organization.

The onus of proof that a ban would endanger security should now rest on those who believed that this action would not help.

Perhaps of greater long-term significance than the immediate legislation was Mr Jenkins' acceptance, faced with demands from both sides, that the Commons should have another opportunity to debate the question of the death penalty, particularly in the context of crimes of terrorism. But he made clear that he was still not convinced that restoration of the death penalty would help to protect innocent lives. Any such debate must take place later, when tempers had cooled.

Given the attitude of mind of those concerned, a return to this punishment might positively encourage terrorists. But if he was convinced that it would protect innocent lives,

he would have to change his mind.

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## Workers demand removal of republicans from plants

ford Webb industrial plant in the Longbridge area yesterday involving Irish workers. The trouble started in the engine dispartch department soon after the morning shift arrived. One worker said: "You could cut the atmosphere with a knife right from the time we clocked in. One of the lads had a daughter injured and other victims are friends or relatives of men here."

"Some bloody stupid Irishman started shouting the odds for the IRA and got a bunch of five in his teeth. The trouble spread to the assembly line and there were more fights. It stopped the line for about an hour before we decided to walk out."

Other workers said they had told the management that they would not return until known Irish republican sympathizers among the many Irish workers had been removed. "We know who they are and we have told the management," they said.

British Leyland refused to comment on the disturbances,

but sources close to senior management said they regarded the situation as probably the most explosive they had ever faced. They were worried that it might spread to factories throughout the country and not just those producing cars.

I understand that management were alerted to the threat of trouble yesterday when night-shift workers became restless after hearing news of the bombings on radio. Irish workers arriving for the morning shift were advised to go home. Some did, but workers said others flouted their IRA sympathies and insisted on staying.

At Rover's Tysley engine works all hourly-paid workers and some staff walked out when the news reached them that one of their colleagues, a foreman electrician, was among the dead. They were joined by workers at Acocks Green, Carrison Road, Perry Barr and Tyburn Road. It

is understood that Irish workers at the factories were advised by management to go home.

None of the factories affected is required to work this weekend, but when the men return on Monday they are expected to refuse to work unless certain Irish republican sympathizers have been refused admission. Last night British Leyland refused to indicate whether this request would be met.

A group of packers at the Ford parts depot at Daventry, Northamptonshire, are "black-ing" all spare parts going to Northern Ireland. Their action will stop all supplies to the province and also disrupt those to the republic.

The Queen's message: In a message to the Lord Mayor of Birmingham, the Queen said: "I am shocked and distressed to learn of the tragic loss of life and injuries caused in Birmingham last night. Please convey my deepest sympathy

and that of Prince Philip to the bereaved and the injured" (the Press Association reports).

Cardinal Conway, the Roman Catholic Archbishop of Armagh and Primate of All Ireland, the Most Rev George Simms, Anglican Archbishop of Armagh and Primate of All Ireland, and leaders of the Presbyterian and Methodist churches sent a joint message saying they "shared in the horror and revulsion felt by all civilized people."

Mr Gerald Flitt, MP, leader of Ulster's Social and Democratic Labour Party, called on the "thousands of decent Irish people living in Birmingham and throughout Britain" to dissociate themselves from those responsible.

University protest: A storm of protest erupted last night at Leeds University after it was disclosed that support for Irish terrorists was narrowly approved by the Students' Union council in a vote five days ago.

## Freedom on prices for sugar firms

The Government is to allow sugar refiners to charge as much as they need next year to ensure that all Commonwealth wealth sugar supplied to the EEC comes to Britain. It has not been decided whether the resulting price increases will be borne directly in the form of higher prices or indirectly through government subsidy.

Manbré and Garton and Tate & Lyle, who together supply about three quarters of Britain's sugar, disclosed this after a meeting with Mr Peart, Minister of Agriculture, yesterday.

The welcomed the deal he had won from the EEC for imports of 1,400,000 tons of Commonwealth sugar each year.

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## Rough Day?

Have a little smoothness tonight.



## BIRMINGHAM BOMBS

## Subdued Birmingham accepts it is in front line of attacks

From Arthur Osman Birmingham

The impact of the horror of Thursday night was apparent at every turn in a subdued Birmingham yesterday. Many people said, often with anger barely held in check, that they now realized what life in Belfast must have been like during the past five years. Every one appreciated and was prepared to meet what they called a front-line situation.

Prayers were offered on the steps of the Rotunda building, the target for so many bomb attacks, by the Bishop of Birmingham, the Right Rev. Laurence Brown, and the Roman Catholic Archbishop, the Most Rev. George Dwyer. Mr Dwyer expressed the general mood, saying, "My personal feelings are disgust, outrage and grief. The whole community is under attack and we must stand together to defend it."

He later met Mr Jenkins, the Home Secretary, who arrived after making his Commons statement to inspect the bomb damage and to the injured. Mr Jenkins appealed to people not to seek revenge against the Irish community.

Each of the bombs used on Thursday weighed over 15lb. The explosion at the Mulberry Bush public house blew a hole through nine-inch-thick reinforced concrete and brought down the roof, leaving bare steel bars. At the Tavern in the Town, where rescue workers yesterday were still searching the debris, it was because of the danger of the office building above collapsing, everyone spoke of the terrible effects of the blast in the basement bar.

A disturbing feature was the severe flash burn to every victim. Dr James Inglis, aged 51, one of the many medical officers treating the casualties at the general hospital, said it seemed that a different explosive had been used from bombs in other incidents.

Very severe burning had been caused to the uncovered parts of the body. He continued: "The injuries were characterized by the very high incidence of flash burns to these parts... in addition to the fact that these young people had multiple injuries."

All those dead on arrival at the hospital were so badly burnt as to be unrecognizable. A man who died in the casualty department and who lost both legs and one arm had his face burnt to a cinder.

"I have no experience of chemical warfare but from what I have heard I should have thought these burns were worse than those caused by

napalm", Dr Inglis said. "If we are going to see the use of this type of explosive device then I regard it as not only inhuman but sadistic."

Dr Inglis said that many of the youngsters were likely to be disfigured for life and it would take weeks and months to repair some of the damage to attractive young girls.

He described the type of injuries as those which would need the building up of a very high temperature and added: "The skin had become hard, just like meat that had been put under a grill."

Mr John Fulford, director of the hospital's accident and emergency department, said: "I did not think hanging should ever have been abolished and I hope the people who have voted for abolition will change their minds now. This is the worst disaster I have seen since the war."

"A pretty girl about 20 years of age has lost the sight of both eyes. She has been blinded by metal fragments and has other injuries too."

Experienced nursing officers spoke of their horror, one saying: "In 20 years or more of nursing one sees a fair bit, but this was the most horrifying night of our lives."

Burns inquiry: Mr Maurice Buck, Assistant Chief Constable for the West Midlands, said last night that reports by surgeons of many of the victims having received exceptionally severe burns were being closely studied by forensic scientists (a Staff Reporter writes). He said that it was too early to draw any positive conclusions on whether a new form of explosive, possibly containing phosphorus or some other burning agent, had been used.

Mr Buck has now been relieved of all other duties to concentrate on leading the hunt for the bombers and yesterday was being assisted by Commander Robert Huntley, head of the Scotland Yard bomb squad.

Our Medical Correspondent writes: Explosions in a confined place cause bruising and bleeding in internal organs, especially the lungs, although the liver, spleen and intestines may also be affected. Damage to the lungs may make it hazardous to use conventional gas anaesthetics when operating on other injuries.

Blast injuries are rare in civilian life and surgeons generally have to rely on wartime experience, but Birmingham is fortunate in having an accident hospital with a high international reputation for its standard of treatment.

## Wilson plea for no acts against Irish

The Prime Minister said last night that it would be wrong for anyone to take the law into their own hands and embark on reprisals against the Irish people in Britain because of the Birmingham bomb outrages.

Mr Wilson said at the opening of the Labour Club at Newham, London: "In this area, as in my own constituency, there is a very considerable community of people of Irish origin or descent."

"In Parliament this morning, when the Home Secretary made a statement on the outrages in Birmingham last night, one Birmingham member after another followed him in saying how much the Irish community in this country would condemn these senseless and brutal murders. I am sure they are right."

"At a time when feelings are justifiably running very high, we must remember that the overwhelming majority of Irish people in Britain condemn and detest these wicked attacks as much as anyone else."

"It would be wrong for anyone to take the law into their own hands and embark on reprisals against the Irish people here."

"The Home Secretary this morning made a statement to the effect that the Government will take every possible action to deal with terrorism and the terrorists."

"That is why we are resolved that the police and security services must be given the means they need to protect innocent people from terrorist activity, and it was clear that the vast majority of MPs of all parties supported the Home Secretary this morning in this determination."

"On Monday the Government will announce emergency legislation to take additional powers against terrorists."

The Home Secretary said in Birmingham yesterday that nothing would be worse than an attempt to "take it out" on people of Irish origin. "There are bound to be feelings of terrible shock and revulsion and anger," Mr Jenkins said at a news conference, which had to be moved to the suburbs at the last minute because of the confusion in Birmingham police headquarters with the constant bomb alerts.

But if there was a backlash against the Irish, "we should be moving into a situation which could be almost as dangerous from a long-term point of view as that in Ulster itself."

Asked if he regretted his decision to ban the McElduff funeral march, Mr Jenkins said he did not. "I do not think the way to deal with a position of this sort is by appeasement."



The interior of The Mulberry Bush, one of the two Birmingham public houses devastated by bombs on Thursday night.

## Seeking a few terrorists in the concrete expanse of West Midlands

## Police urge public to help search for bombers

From Staff Reporters Birmingham

"No one in this city can stand aside. Everybody is at risk." In these words Mr Maurice Buck, assistant chief constable responsible for crime prevention in the West Midlands, who has been relieved of all other duties to hunt down the bombers, summed up the enormous security difficulties facing his force of 6,000 men covering a population of 2,500,000 people.

The task facing Mr Buck is self-evident in statistical terms alone. Belfast, with its population of about 400,000, is a small town compared with Birmingham, let alone the West Midlands conurbation, including Wolverhampton and Coventry, which seems to have become the prime target area outside London for terrorist activity.

Combined police and army security forces of up to 12,000 men have not always been able to prevent terrorist bombers from achieving success in Belfast.

Mr Buck constantly reminds the public at his frequent press conferences that he and his policemen cannot do the job alone; the involvement of every citizen is needed, he says.

Yesterday he appealed to every owner and manager of a hotel, a bar, a restaurant, or a dance hall not only to request customers to have bulky parcels or bags searched, but to appoint someone to tour each building at least every half hour looking for suspicious objects.

Since August last year, when the first bomb exploded in the Midlands campaign at Solihull, to be followed immediately in the next 15 months in Birmingham, and until Thursday's terror, the constant question has been "Why Birmingham?"

It is not easy to answer. The Midlands, Birmingham and Coventry particularly, are emotive places for the IRA and have been so since the terror campaign of 1959. The subsequent hanging of Barnes and McCormack for the Coventry explosions are part of IRA folklore.

The latest campaign has to some extent puzzled senior police officers. When assessments of an overspill of the Northern Ireland troubles to the Midlands were first made, Liverpool and Glasgow were rated as the most probable trouble zones, but neither has experienced much more than a skirmish or two.

One of the reasons advanced

for the level of activity in the Midlands is that, in common with London, it is an area where individuals can "lose themselves" easily.

Mr Buck is trying to alter that situation by appealing to everyone in his "manor" (which a population one million higher than that of Northern Ireland) to dial 999 at the slightest sign of suspicious activity.

He does, of course, have some advantages over his hard-pressed colleagues in the security forces on the other side of the Irish Sea. There are hardly any escape routes, very few "safe houses" for a terrorist on the run, however anonymous. The West Midlands cities may appear to be on the surface.

If there is an enclave for the IRA in Birmingham it is in the Sparkhill and Sparkbrook areas of the city's inner ring. Among the large number of building workers there are many similar to the late Mr McElduff, ostensibly raw and cheerful men, but nurturing an inclination for violence.

From talks with many of them there seems little sense of burning idealism, but rather a stolid acceptance that the dividing line has been drawn, a situation of "them and us" that cannot be

amenable to argument or discussion.

The IRA, in spite of all the talk about the "war" only being extended to industrial targets or known resorts of Servicemen, seem to have extended its campaign to vulnerable civilian targets. Neither bar attacked on Thursday was particularly frequented by Servicemen.

As with any large city, Birmingham has its indigenous and transitory Irish population, about 110,000, who generally contribute industriously to the city's economy. Alderman James Eames, the Lord Mayor, was at pains yesterday, in a determined attempt to quell a growing threat of a backlash against the Irish community, to say: "They have always given much to Birmingham's community life. This is as big a tragedy for most of them as it is for us."

His calming words were not echoed out in the streets and the factories, where bitterness spilled over into violence with reports of known republicans being beaten up by their workmates. In one incident a group of young hooligans boasted of having "beaten up a Mick". The police had many calls threatening buildings with Irish connexions.

## Mr Heath calls for stricter security

Mr Heath, leader of Opposition, last night called for a "completely fresh look" at security measures to deal with terrorism, even if it meant inconvenience or interference with people's normal lives.

He said that now the IRA had openly declared on Britain, the Government the Commons would have to consider outlawing the organisation. "We have reached a point where the existence of Sinn Féin and the IRA in this country is now deeply positive to ordinary citizens as a has got to be taken account."

Mr Heath was speaking in Birmingham, where he saw the two bombed public houses and saw blast victims in hospital. He described the bombings as "the most ghastly destruction" he had ever seen, plotted, criminally murdered, case particularly at people."

Mr Heath said he has the Government to look at measures to deal with a type of bombing, and that not only immediate but everything connected with the IRA's activities, the of explosives, control ports and the mover people coming into Britain.

The key to action on aspect of the problem information, intelligence early effective pre. Asked if he was in favour of restoring capital punishment, Mr Heath said it was a matter of whether this would deal with terrorism or out the menace of individual bombing.

Mr Heath said the Government in government taken some measures, because they burden on the civilian would be very terms of inconvenience interference with normal life. "We ought to take look at this and see ought not to be much in the precautions we be prepared to put to ensure this risk is reduced to a minimum."

## New law on conspiracy would please the police

By Our Home Affairs Correspondent

If the police are to enforce properly any new law banning the IRA, it will have to be drafted with extreme skill. This view of a senior police officer yesterday acknowledges that the same need applies to any law. The difference in banning a political organization lies in giving a law sufficient coverage to ensure that members cannot escape by calling themselves members of another group with a more innocent sounding name.

Policemen would be happier if any legislation could go somewhat deeper than naming and calling and deal more effectively with the nature of conspiracy—whatever the name of the organization that nurtures it.

The fact that the law on conspiracy is recognized, as is the potential danger to civil liberty. The more liberal policemen would be glad if, at the same time as any change, Mr Jenkins could announce his intention over the handling of complaints against police, so that an independent element is involved.

The reason is that although the police want all the backing they can get in dealing with terrorism, they could also be exposed to criticism from some sections of the public unless people see that there are safeguards to prevent abuse and can use them. That would also be in the interests of the police in exposing malicious complaints.

The benefit to the police of an adequately drafted law will be more effective cooperation with their opposite numbers in the Irish republic. Any such legislation should ideally not be limited, it is felt, to the IRA.

Some policemen would feel that banning the IRA would be more for political than strictly operational reasons, an expression of public anger at obvious and offensive manifestations of support for the IRA.

As one senior policeman put it to me yesterday, "the law must not be too far behind or in front of public opinion."

From the police point of view, an important need is the means for better checking of entry into Ireland, north and south of the border, were monitored more thoroughly, and that would conflict with the special status that the Irish have when travelling, it would still not prevent a terrorist entering from another port.

A solution suggested to me yesterday that people from the Irish Republic should be



Gary Cowan, aged 16, a victim of the bomb in the Tavern in the Town, in hospital yesterday.

## Two men fined after incident at IRA funeral

Two Irishmen were fined £50 each by Coventry magistrates yesterday after taking part in a demonstration outside a mortuary when the body of James McElduff, the IRA bomber who blew himself up, was removed for the journey to Belfast. Outside the court both admitted being members of Sinn Féin.

Patrick Duane, aged 25, of Willesden Lane, Crickwood, and Thomas O'Brien, aged 22, of Bransbury Villas, Kilburn, both London, pleaded guilty to using threatening words or behaviour. They were also bound over to be of good behaviour for 12 months.

Their legal aid counsel said the offence happened at Coventry.

## Proscribing IRA may prove difficult

Continued from page 1

but the Government is persuaded that it would be best to allow time to elapse before this subject is debated, so that MPs can deal with it in a calm and rational atmosphere.

As Mr Jenkins suggested in the Commons yesterday, the restoration of the penalty for terrorist killings might not have the deterrent effect some people claim for it. As one MP put it yesterday: "It would only make more 'martyrs' and increase tension."

Mr Steel said that although the proposed powers of detention were likely to be such that Liberals would want to challenge them in normal times, in view of present circumstances his

policy should be given extra powers necessary to deal with the IRA.

Mr Thorpe, the Liberal leader, speaking at Bideford, said: "No person with any human feeling can be anything but appalled at the horror perpetrated last night in Birmingham. I await anxiously the results of the Home Secretary's emergency review of existing security provisions, particularly with regard to ports of entry."

But whatever new measures are taken, as British citizens must now come to terms with the reality of urban guerrilla warfare. We must realize that, as far as the IRA is concerned, no distinction is drawn between the civilian population and the law enforcement authorities. Each is equally vulnerable to

"In consequence we must all be far more vigilant. We all have a duty to cooperate with the police in combating this threat to our lives."

"And before we allow our wrath and indignation to turn to bitterness and resentment, let us remember that those who commit these acts are a small and obsessive minority and there are no more strident opponents of their activities than the vast majority of Irish people on both sides of the water."

## Casualties information

Birmingham police said last night that the telephone number for people inquiring about casualties in Thursday night's bomb attacks has been changed

## Butchery that nothing can justify, Vatican paper says

From Our Correspondent Rome, Nov 22

The Vatican newspaper, *Osservatore Romano*, condemned yesterday's bomb attacks in Birmingham as butchery motivated by pure bestiality.

Condemnation of the attacks was "without mitigation. No higher motives, no legitimate interests can justify such butchery."

"It can only be explained by pure bestiality in an atmosphere of burning hatred which brings crawling out of the human heart the snakes bred by the passions."

Sydney: The *Morning Herald* said the attacks were rationally designed terrorism aimed at a withdrawal of British armed forces (Reuters reports). It was "designed to break the British

nerve to bomb them out of Ulster."

The terrorists might achieve their aim, the newspaper said. "The few remaining shreds of intelligible British policy look like being rent irretrievably when the voting takes place (in Ulster) for a constitutional convention."

Paris: The capital's evening paper, *France-Soir*, said the attacks "could have been a riposte for the wave of bloody crimes in Northern Ireland against Catholics by militant Protestants". *Le Monde* said: "The only obvious and urgent measure is for London to relaunch the dialogue with all the protagonists in the Northern Ireland drama. This policy was one of the most spectacular successes of the Heath government, but alas it has had no tomorrow."

## Man broke Irish Embassy window in anger

A spot welder who on Thursday night threw a sauce bottle and a pottery ornament through a window at the Irish Embassy in London to protest against the Birmingham bombings appeared before Bow Street magistrates.

Gerard Chester, aged 23, of Tennyson House, Browning Street, south London, admitted criminal damage. He was conditionally discharged for a year. Police sergeant Roger Biggs said police saw Mr Chester smashing a ground floor window of the building in Grosvenor Place. He told the police: "I just smashed that window. There were 14 reasons why—14 people killed by the bomb blasts in Birmingham. But when I think of it now, there does not seem to be any point

## Duke tells pub couples: 'You are in front line'

The Duke of Edinburgh yesterday paid tribute to Britain's licensees, who, he said, were now "in the front line" in the terrorist bombing campaign.

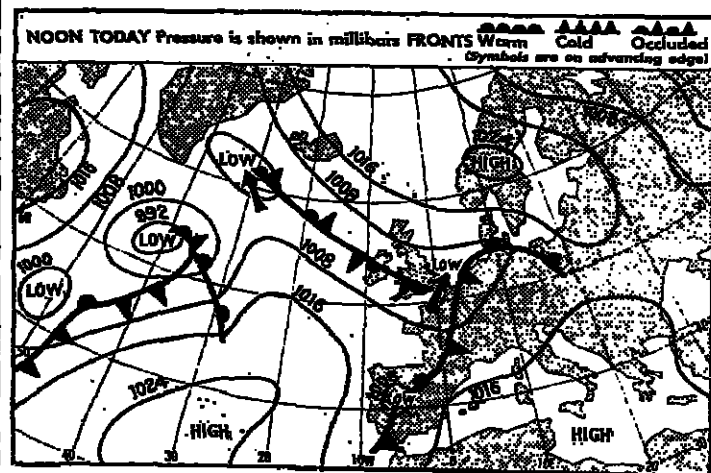
He told 1,500 landlords and their wives they were "an important feature in the structure of our society."

He continued: "I am sure that you and your customers will stick it out."

Earlier the Duke had stood during a minute's silence in memory of those killed in the Birmingham bombings.

The National Federation of Licensed Victuallers has sent telegrams to the Home Secretary demanding the reintroduction of the death penalty for terrorists who plant bombs.

## Weather forecast and recordings



Today		Tomorrow	
Sun rises: 7.31 am	Sun sets: 4.2 pm	Sun rises: 7.33 am	Sun sets: 4.1 pm
Moon sets: 12.29 am	Moon rises: 1.1 pm	Moon sets: 1.35 am	Moon rises: 1.19 pm
Full Moon: November 29.		Lighting up: 4.31 pm to 7.5 am	
Lighting up: 4.32 pm to 7.3 am		High water: London Bridge, 8.55 am, 5.7m (18.8ft); 9.43 pm, 5.9m (19.4ft).	
Low water: London Bridge, 12.43 am, 5.5m (18.3ft); 1.13 pm, 5.4m (17.7ft).		Dover, 6.26 am, 5.4m (17.7ft); 7.10 pm, 5.4m (17.6ft).	
Dover, 6.6 pm, 5.2m (17.2ft).		Hull, 12.44 am, 5.6m (18.3ft); 1.58 pm, 5.8m (19.0ft).	
Liverpool, 5.37 am, 6.5m (21.3ft); 5.59 pm, 6.8m (22.4ft).		Moon sets: 1.35 am	

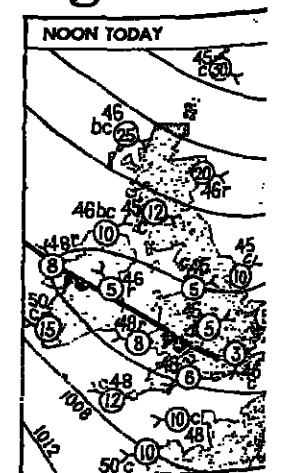
Pressure will be high to N of the British Isles but a weak area of low pressure will cover S Britain.

Forecasts for 6 am to midnight: London, Channel Islands, SW, SE Central England: Mainly cloudy with occasional rain or drizzle in places; max temp 10° or 11°C (50° to 52°F).

East Anglia, Midlands, Wales, E. Central N. England: Mainly cloudy with occasional rain or drizzle in places; max temp 10° or 11°C (50° to 52°F).

WEATHER REPORTS YESTERDAY MIDDAY: c, cloud; d, drizzle; f, fair; h, fine; h, haze; hu, humid; m, mist; o, overcast; r, rain; s, sun; sm, snow.

Athens	c	16	24	Colombo	f	24	28	L. Palmas	c	21	27	Nice	c	16	24
Bombay	c	16	24	Copenhagen	f	24	28	L. Palermo	c	21	27	Nicosia	c	16	24
Buenos Aires	c	16	24	Dublin	f	24	28	L. Palermo	c	21	27	Paris	c	16	24
Calcutta	c	16	24	Edinburgh	f	24	28	L. Palermo	c	21	27	Rome	c	16	24
Cardiff	c	16	24	Geneva	f	24	28	L. Palermo	c	21	27	St. Petersburg	c	16	24
Chennai	c	16	24	Hamburg	f	24	28	L. Palermo	c	21	27	Tokyo	c	16	24
Colon	c	16	24	Heidelberg	f	24	28	L. Palermo	c	21	27	Yokohama	c	16	24
Dhaka	c	16	24	London	f	24	28	L. Palermo	c	21	27				
Delhi	c	16	24	Manchester	f	24	28	L. Palermo	c	21	27				
Dresden	c	16	24	Madrid	f	24	28	L. Palermo	c	21	27				
Frankfurt	c	16	24	Moscow	f	24	28	L. Palermo	c	21	27				
Glasgow	c	16	24	Osaka	f	24	28	L. Palermo	c	21	27				
Hong Kong	c	16	24	Seoul	f	24	28	L. Palermo	c	21	27				
Kobe	c	16	24	Singapore	f	24	28	L. Palermo	c	21	27				
London	c	16	24	Taipei	f	24	28	L. Palermo	c	21	27				
Lyons	c	16	24	Tokyo	f	24	28	L. Palermo	c	21	27				
Mumbai	c	16	24	Yokohama	f	24	28	L. Palermo	c	21	27				
New Delhi	c	16	24					L. Palermo	c	21	27				
Osaka	c	16	24					L. Palermo	c	21	27				
Paris	c	16	24					L. Palermo	c	21	27				
Seoul	c	16	24					L. Palermo	c	21	27				
Singapore	c	16	24					L. Palermo	c	21	27				
Taipei	c	16	24					L. Palermo	c	21	27				
Tokyo	c	16	24					L. Palermo	c	21	27				
Yokohama	c	16	24					L. Palermo	c	21	27				



drizzle in places; wind-  
and mainly light; max ten  
9°C (46° to 48°F).

NW England, Lake Distr  
of Man, SW Scotland, (C  
Argyll, N Ireland: Rather  
occasional rain or dr  
places, some bright in  
wind E light or moderat  
temp 8° or 9°C (46° to 4  
Outlook for tomorrow at  
day: Mainly cloudy with  
times, bright intervals;  
temp.

Sea passages: S Nord  
Wind variable, moderat  
sight.

Strait of Dover. English







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## OVERSEAS

# President Ford makes a promise to maintain American troop strength in South Korea

From Peter Hazelhurst  
Seoul, Nov 22

President Ford, who will meet Mr Brezhnev, the Soviet leader, near Vladivostok tomorrow to discuss the path towards détente, assured President Park Chung Hee today that the United States will not reduce its military presence in South Korea in spite of strong pressures in Washington. There are some 38,000 American troops in the country.

However, it is understood that he pointed out gently to General Park that Congress might refuse to appropriate further funds required to modernize South Korea's armed forces if the autocratic regime in Seoul continued to repress political rights and basic freedoms.

On his arrival in South Korea for a one-day visit, Mr Ford was given a tumultuous welcome by a crowd of nearly a million people who lined the entire route between Kimpo airport and the city. Unlike his experience in Japan, where he was isolated from the people by extraordinarily tight security arrangements, the President was able to leave his car and mingle with crowds of well-wishers. An American correspondent who is assigned to the White House said Mr Ford had never before received such a tremendous and warm welcome.

After inspecting American Army bases near the demilitarized zone, Mr Ford gave a license over the tomb of General Park's wife, who was assassinated four months ago. President Ford met his South Korean counterpart for two hours to discuss the security of South Korea, and the internal political and economic situation in the country.

Reviewing the meeting between the two leaders, Mr Philip Habib, the American Assistant Secretary of State, told journalists tonight that General Park had asserted that North Korea had stepped up military activities near the demilitarized zone in recent months, even digging a secret tunnel which extended into South Korean territory before it was discovered last month. Referring to a Bill before Congress, Mr Habib said he hoped that the United States would continue to help South Korea to modernize its armed forces.

According to Mr Habib, President Ford said he would do his best to acquire the \$400m to \$500m required to overhaul South Korea's military machine but he warned the regime that Congress had the power to block the funds.

Mr Habib admitted that the delicate subject of domestic politics had been reviewed by the two leaders but he refused to say specifically whether President Ford had warned the dictatorial regime that Congress might turn down requests for military aid if political oppression in Seoul continued. "It would be inappropriate to discuss the matter", Mr Habib said.

Mr Habib, a former American ambassador in Seoul, said President Ford assured General Park that he would not reduce the force of 38,000 American troops still stationed in South Korea.

At a state dinner in Seoul tonight General Park claimed that the communists were attempting to provoke another violent conflict. He asked the United States to step up its military assistance to South Korea to thwart the sinister attempts of North Korea to "communistize the whole of Korea".

He continued: "We have proposed to them the conclusion of a non-aggression pact but to no avail. However, the North Korean Communists have not only ignored our efforts, they have gone so far as to embark on new illegal provocations even during the course of the dialogue. There is no question that these provocations will continue into the future."

In reply, President Ford issued a pledge that the United States would continue to support South Korea but he went on to point out that "we live in a time of new international realities and new opportunities for peace and progress in Asia".

Mr Ford continued: "I am here on a mission of peace. It is my deepest hope that the entire world will lift its gaze and head toward its vision. I would rather walk a thousand miles for peace than take a single step towards war."

The joint communiqué issued tonight reveals that the United States will continue to help South Korea build up its defence industries. The document, which omits any reference to the domestic political situation in South Korea, indicates that President Ford and Dr Kissinger have not been influenced by the critics of Park's repressive regime and the relationship between the two countries remains unchanged.

## New Peking attack linked to Vladivostok summit

From David Bonavia  
Peking, Nov 22

A new propaganda broadside from China about Russian territorial expansion seems to be an indirect comment on the choice of Vladivostok as the place where President Ford is meeting Mr Brezhnev, the Soviet Communist Party leader.

A commentary by the official news agency accused Mr Brezhnev and his "clique" of trying to distort history by changing place names in parts of Central Asia which China once laid claim to, and of contemplating territorial expansion in the Pacific area.

The commentary pointedly avoided mentioning Vladivostok, whose site was ceded to Russia by the Chinese empire in 1860, but recalled that the Russians had abolished Chinese place names in their Far Eastern territories last year.

The commentary also quoted a Soviet admiral as saying that Russians had been the first to discover Alaska and the four islands off northern Japan which are the focus of a dispute between Tokyo and Moscow.

"They [the Soviet leaders] want to occupy places which were previously under the domination of the old Tsars, and they are even thinking of occupying places which the old Tsars 'discovered' but did not occupy. The new Tsars have quite an appetite!"

The timing of this commentary is clearly no accident and it serves to confirm a hint dropped recently by a Chinese official about the irritation felt by the leadership at the choice of the Vladivostok area.

However, it is not expected that this point will be raised specifically with Dr Henry Kissinger, the American Secretary of State, when he comes here on Monday.

## Karpov wins title chance

Moscow, Nov 22.—Anatoly Karpov tonight emerged as the official challenger to Bobby Fischer, the world chess champion.

Karpov, a 23-year-old Leningrad student, earned the right to try for the title when he drew the twenty-fourth game of his match with Viktor Korchnoi, leaving the final score 3-2 in his favour.

Last June Fischer announced

that he was giving up his crown in a dispute with the world chess authorities. The temperamental American has until February 15 to agree to defend his title. If he fails to comply, Karpov will become champion without making another move.

Karpov's win over Korchnoi, who is 43, was unexpectedly close. At one point he was leading 3-2 but Korchnoi fought back in the closing stages.—Reuter and UPI.

Harry Golombek, page 10

## Greeks divided over future of monarchy

From Our Correspondent  
Athens, Nov 22

Mr Karamanlis, the Greek Prime Minister, has offered the Opposition collaboration in working out common policies on vital national problems, such as Cyprus, the monarchy and education. Today, he invited for consultations Mr George Mavros, leader of the Centre Union-New Forces, the main opposition party.

A spokesman said later that the Prime Minister had briefed the Opposition leader on the latest Cyprus developments. He also had expressed the wish to keep foreign affairs and education outside the field of partisan antagonism. Mr Mavros said he was willing to discuss a common policy.

Mr Karamanlis then urged that all political parties should remain neutral for the present over the future of the monarchy. There are doubts that the Opposition can agree to this. All parties except the New Democracy of Mr Karamanlis are against the monarchy.

Mr Karamanlis, whose party includes many royalists, has summoned the parliamentary caucus for tomorrow to inform his ministers and deputies that neutrality is to be compulsory and a matter of party discipline. Whether this discipline will be preserved is a moot point.



Israel police arrest an Arab youth during yesterday's demonstrations in Jerusalem.

## Israelis fire over Arabs' heads

From Moshe Brilliant  
Tel Aviv, Nov 22

Israeli soldiers and policemen fired over the heads of Arab rioters in the walled Old City of Jerusalem today after midday prayers in Al Aqsa mosque.

In clashes between baton-swinging Israeli forces and stone-throwing Arab youths, one policeman and an undisclosed number of Arabs were injured. Witnesses said they saw bleeding Arabs loaded into a police van near the Damascus gate. Police said later that 30 demonstrators were detained.

The Israelis had expected demonstrations today in connection with the United Nations debate on the Palestinian issue and large forces were posted on the battlements and in the streets.

Witnesses said that after the service several hundred young Arabs streamed down from the Temple Mount shouting slogans, waving Palestinian green, white and black flags and holding placards reading: "Long live Abu Azzam" (an alias of Mr Yasser Arafat, the leader of the Palestine Liberation Organization). Some demonstrators carried others on their shoulders.

The crowd moved through the twisting alleys of the walled city, and as they passed shopkeepers pulled down their shutters. At the Damascus Gate the Arabs were blocked by Israeli forces who prevented them from leaving the walled city. The Arabs then shut the massive doors of the Damascus Gate which remained shut for 10 minutes until Israeli police opened them.

The biggest clash took place near the Damascus Gate but there were also scuffles elsewhere in the Old City. A television cameraman was assaulted and knocked down. The disorder lasted 30 minutes.

Students of the Bier Zeit college, near Ramallah, set up stone barricades outside their school this morning and scrawled slogans on the wall calling for a general strike. The principal, Dr Hanna Nassar, was banished to Lebanon yesterday for allegedly inciting demonstrations.

Israeli forces in north-east Galilee this morning bombarded alleged bases of Arab terrorists across the Lebanese border. The action followed a rocket attack on the Israeli town of Kiryat Shmona from Lebanese territory. No Israeli casualties were reported.

## Troops surround general's home in Addis Ababa

Addis Ababa, Nov 22.—Lieutenant-General Aman Andom, the chairman of Ethiopia's provisional military Government, was believed to have been placed under house arrest today by troops who surrounded his home. Some 30 soldiers ringed the general's house and four or five were seen to enter.

There have been rumours of a power struggle between General Aman, who is 50, and Major Mengistu Haile Mariam, the 35-year-old head of the inner cabinet of the military council, which has 120 members. General Aman is not a member.

He is said to have resigned a week ago as chairman of the military government and of the civilian council of ministers, as well as Minister of Defence, but there has been no official announcement.

A Reuters correspondent who witnessed today's events, was detained by soldiers for more than two hours while his papers were checked. The situation accentuates the extreme tension in the country.

General Aman is popular with most of the army and observers fear his removal could lead to further division in the armed forces.

On a recent tour of his native province of Eritrea, General Aman was greeted by cheering crowds everywhere he went. He is said to have resigned a week ago as chairman of the

## Senators approve Rockefeller nomination

From Fred Emery  
Washington, Nov 22

Mr Nelson Rockefeller today easily cleared the first hurdle of his long congressional steeplechase when the Senate rules committee unanimously approved his nomination to be Vice-President. The committee's report is likely to be put to the vote in the Senate in December.

However in the judiciary committee of the House of Representatives Mr Rockefeller was asked to provide details of his brothers' fortunes as well as his own.

Mr Edward Mezvinsky, the junior Democrat on the committee, stated that suspicion that the Rockefeller family interests were "intermingled" had not so far been allayed.

Mr Rockefeller promised to raise the question with his sister and brothers.

He has now made firm his tentative pledge to place his assets and trust holdings amounting to some \$130m (£56m), or roughly half his net worth—in a "blind" trust arrangement in which he would not, in principle, be aware of the day-to-day handling of the portfolio.

Mr Mezvinsky had given advance notice that the wealth issue troubled him most of all. He suggested that the combined trusts of the four brothers might reach \$600m.

## Postal service in Russia attacked

Moscow, Nov 22.—The Soviet Post and Telecommunications Ministry has been severely criticised by the Communist Party's central committee for giving inadequate service.

A committee resolution published on the front page of Pravda said poor supervision meant that telegrams, letters and money transfers were delayed. It demanded stronger party control of all communications operations.—Reuter.

## Pro-Palestinian votes by General Assembly

From Peter Stratford  
New York, Nov 22

The Arabs and their supporters today had two resolutions passed by the United Nations General Assembly. They should go a long way towards meeting the demands of the Palestine Liberation Organization (PLO). The main resolution was passed by 89 votes to eight with 37 abstentions.

The resolutions were the outcome of several days of intensive negotiations, in which attempts were made by other countries to modify their terms. But in the end the Arabs stuck very largely to their original text, refusing to incorporate any reference to Israel's continuing right to exist.

The main resolution declares "the inalienable right of the Palestinians to return to their homes and property from which they have been displaced and uprooted", and calls for their return. It also declares their right to "self-determination without external interference" and to "national independence and sovereignty".

The PLO is described as the representative of the Palestinian people, and the Palestinians are recognized as "a principal party" in the establishment of peace in the Middle East. The Palestinian people are recognized as having the right to regain their "rights" by all means in accordance with the purposes and principles of the charter of the United Nations.

The second resolution, passed by 89 votes to 17, with 19 abstentions, gives the PLO the right of taking part in the sessions and work of the General Assembly in the future as an observer. This is a right that

has only once before been given to a non-government (Guinea-Bissau before it became a member), and it is thought likely to lead to similar treatment for most of the African nationalist movements.

These resolutions are the culmination of nearly two weeks of debate on Palestine. They are fiercely opposed by Israel partly because it considers they are incompatible with its own continued right to exist, and partly because they can be interpreted as giving United Nations approval of PLO terrorism.

Britain and other Western countries are particularly concerned that the main resolution contains no reference to Resolution 242 adopted by the Security Council in 1967. This resolution tried to achieve a balance between the interests of Israel and the Arab countries, and has generally been regarded as the basis for peace efforts since then.

It laid down that countries in the Middle East had the "right to live in peace within secure and recognised boundaries", and has been incorporated in a way or another by virtually all the Arab governments. The PLO, on the other hand, has said that it does not accept the resolution.

The question now is when will the PLO accept the resolution? American attempts to bring about further negotiations in the Middle East. In a statement yesterday, Mr J. Edgar Hoover, the American representative, gave a warning that to change past resolutions, the only risked delay in the Middle East, but "could destroy" prospects for peace in the foreseeable future.

## Dr Waldheim to seek new mandate for Golan force

From Our Correspondent  
Cairo, Nov 22

The purpose of the forthcoming visit of Dr Kurt Waldheim, the United Nations Secretary-General, to the Middle East is to try to remove tension in the area and persuade Syria to renew the mandate of the United Nations emergency force on the Golan Heights, sources said in Cairo today.

The term of the force separating Syrian and Israeli troops expires tomorrow week. Dr Waldheim is expected to begin his tour of Spain, Israel and Egypt next week.

Another topic of his discussions is expected to be the possibility of reconvening Geneva conference on Middle East.

In Cairo, Dr Waldheim is expected to hold talks with small Egyptian officials.

The semi-official Cairo newspaper Al Gomhuria today reported that President Sadat received a message on Wednesday from Dr Waldheim in the states facing Israel to create their efforts for a peaceful settlement.

Reports from Damascus quoted Mr Mahmoud Ayoub, the Syrian Prime Minister, as saying that the Syrian forces were ready to repel Israel attack.

## British mother wins back children in court battle

From Our Correspondent  
Melbourne, Nov 22

In the Supreme Court of Victoria today, Mr Justice Harris ordered that an English boy and girl who had been taken to Australia by their father, Mr David Norman Sutherland, a salesman, in defiance of a British court order should be returned to their mother.

The mother, Mrs Maureen Violet Sutherland, flew from Newcastle upon Tyne to Melbourne eight days ago to try to secure custody of the children—Jill, aged nine, and David, aged eight. In granting her custody, Mr Justice Harris said the Sutherlands were married in Britain on August 5, 1961.

Before he left the matrimonial home in January, 1972, Mr Sutherland had formed a relationship with Dorothy Anderson, who was now his second wife. He had denied that adultery had taken place before the marriage but that appeared to the judge to be doubtful.

He added that the departure from the home had caused a violent scene between Dorothy Anderson and Mr Sutherland's parents and his sister. The cause of the scene had been the rejection of the parents to their son's relationship with Mrs Anderson.

The judge then explained Mrs Sutherland had obtained a decree for divorce on April 1973, and the children subsequently made wards of court to ensure that they were not removed from the jurisdiction of the British court.

Mr Sutherland had expressed willingness to go to Australia with his wife by abducting the children from the mother's custody and bringing them to Australia.

After Mr Sutherland married Dorothy Anderson in June, 1973, the judge said, Mrs Sutherland took proceedings for enforcement of payment of maintenance. Mr Sutherland's maintenance of £846.

After the hearing, Mrs Sutherland said: "I am delighted. Now all I want to do is to get my boys back as soon as possible."

Melbourne, Nov 22.—During the hearing, Mr Justice Harris said it was hypocritical of Sutherland's part to express willingness to go to Australia with his wife by abducting the children from the mother's custody and bringing them to Australia.

Later at his home in Melbourne suburb of Oakleigh, Mr Sutherland said: "I have not heard of the case. I will fight for my children somehow."—Reuter.

## Briton among air victims

From Our Correspondent  
Nairobi, Nov 22

Among the bodies so far identified of the victims of the Nairobi air disaster on Wednesday, is that of a Mr A. Abbott, of Manchester. It is believed that there may possibly be one other Briton among the dead.

Fifty-nine people died when the Boeing 747 jumbo jet belonging to the West German airline Lufthansa crashed a few seconds after take-off.

There were 98 survivors, including 13 crew members. Reports from Nairobi hospitals indicate that most of the 23 injured are well on the way to recovery. Two are however still on the critical list. Some of

the injured have been charged.

According to Lufthansa officials in Nairobi the names of a number of people whose bodies have been identified have yet been disclosed. The use of specialists working on identification are understood to have sent telegrams to parts of the world.

Cologne, Nov 22.—Lufthansa said today that the lifting of the crashed jumbo jet was apparently not all in position for take-off. Investigators are leading edge of the aircraft wings were fully retracted. This would explain why the liner had not enough lift to keep climbing.—Reuter.

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"Help them grow old with dignity"

## Former UN delegate told to leave S African hotel

From Our Own Correspondent  
Cape Town, Nov 22

A South African Asian who was one of the Government's delegates at this year's United Nations General Assembly was evicted from a five-star hotel in Bloemfontein today where he was attending a Progressive Party conference.

The hotel management, acting on Government instructions, ordered Dr M. B. Naidoo to leave. Earlier, the Government had refused permission for a number of prominent African, Asian and Coloured politicians to attend the Progressive Party congress on the grounds that it was against Government policy

for the different race groups to involve themselves in each other's politics.

Dr Naidoo is a member of the South African Indian Council, a nominated and virtually powerless Government body. He was one of three non-whites included in the first mixed delegation sent by South Africa to the United Nations.

As he packed his bags at the President Hotel, Bloemfontein, today Dr Naidoo said he was shocked at being evicted. "I feel sorry for my country and its people", he said. He did not regard it as a personal insult but he had considered himself an "unofficial ambassador" of the Republic in its attempt to create a new image for itself.

## Manila publisher isolated in prison cell

From Our Own Correspondent  
New York, Nov 22

Eugenio Lopez, the imprisoned publisher of the banned Manila Chronicle, has been placed in isolation and refused visits from his family. Mr Steve Pinares, his brother-in-law, reported today. Mr Lopez has been on a hunger strike in his cell in Manila since Monday.

He and another prisoner began their hunger strike in protest against being detained without trial, along with many others. They were imprisoned in November, 1972, by President Marcos when he imposed martial law. They have said that they will fast until they die or are released.

## Florida search for missing MP

From Peter Stratford  
New York, Nov 22

A big search operation was under way in Florida today to find the whereabouts of Mr John Stonehouse, Labour MP for Walsall, North, and a former Government minister. He vanished in Miami Beach on Wednesday after telling a friend that he was going swimming.

A policeman in Miami Beach said that the search was being conducted both at sea and on land, using Coast Guard boats, police patrol launches and helicopters.

The first assumption was that Mr Stonehouse had drowned.

His jacket and shoes were found in the beach area after the alert had been given on Wednesday evening.

But the policewoman said today that all possibilities were being explored.

Michael Horsnell writes: Mrs Barbara Stonehouse, wife of the missing MP, was under sedation and being cared for by friends at Andrews' Campfire, Walsall, waiting for news of the couple's three children, Jane, aged 25, Julia, 24, and Matthew, 14.

Friends and colleagues of the former Postmaster General cannot understand how Mr Stone-

house, a strong swimmer, could have drowned. Miss She Buckley, his secretary, said: "He is a very strong swimmer and one who swam whenever he had the opportunity. He tended to swim out a long way. It was only recreation he had."

Mr Stonehouse flew to Miami on Tuesday on a private jet with his wife and two children, and was due to return to Britain on Saturday.

Mr Bob Chamberlain, editor of West Midlands Labour Party, said: "He is a good constituency member who always looked after his constituents."



# THE TIMES SATURDAY REVIEW

Today *The Times* launch a ghost story competition in conjunction with Jonathan Cape. A prize of £500 is therefore offered for the best original and previously unpublished ghost story of 6,000 words or less submitted by January 10. A second prize of £200 will be awarded to the runner-up.

The winning stories will be published in *The Times Saturday Review*, and it is hoped that these and other entries will form the basis of an anthology to be published by Cape later next year.

Scripts should be typed in double spacing on one side of the paper and sent to

*The Times* Ghost Story Competition,

Times Newspapers Limited, PO Box 7, New Printing House Square, Gray's Inn Road, London, WC1.

Pseudonyms may be used, though actual names and addresses

should also be provided, as well as stamped and addressed envelopes if stories are to be returned.

Entries arriving for any reason after the closing date

of January 10 will not be considered. The prizewinners will be announced before Easter.

Judging the competition will be Kingsley Amis.

whose ghost story 'The Green Man' became one of his most widely praised novels; Patricia Highsmith, the most accomplished practitioner of the psychological 'creepie';

and Christopher Lee, celebrated for his range of supernatural film roles, but less well known as a scholar who was examined at Cambridge by M. R. James himself.

John Higgins will represent *The Times* and Tom Maschler Jonathan Cape.

# Of ghosts and King's

by Richard Holmes



A hand like  
the hand in that picture  
—J McBryde

this season, the darkness  
out of the fens and begins  
rather in Cambridge towards  
o'clock. It is the late after-  
noon, centre chimes at four. From  
tall windows of the panelled  
library of King's College, one  
is north in the half-light  
the neat, shaven lawn to  
the Wilkins Building, and the  
mace-like spires of King's  
Hall, where the choristers  
soon be vesting for Even-  
ing. Outside, in the sharp  
muffled figures hurry  
the flagged terraces and  
appear over the hump of the  
gate into the rustling gloom  
the Backs. As for the thin  
that occasionally glide at  
across the forbidden  
of the grass, they are  
ely identified, by ancient  
es, as Senior Members of  
College, which their flutter-  
draperies would seem to  
un.

the south, the library win-  
dow down upon the shag-  
brickwork of Webb's  
t, and the Provost's gate-  
above which the initials  
J. may be seen carved in  
above the casements, with  
us trifles and elaborate  
cles of stonework binding  
eters of his name to the  
fabric in a tight, labyrinth-  
and presumably benevo-  
embrace.

this is as it was, and,  
st, as it should be. The  
of Montague Rhodes  
was inextricably bound  
with the life of King's Col-  
Here he came as a scholar  
Eton in 1882; here he took  
able First in Classics, and  
appointed in faultless pro-  
Dean, Provost, and  
Chancellor of the uni-  
ty; and it was from here  
he retired back to King's  
College Eton in 1918, to  
cond benign and much-  
ed Provostship, now the  
friend of schoolboys,  
sters and cats.

Montague James was a tall,  
ly built man, with large  
sive features, rather  
ely cut round black spec-  
s, and a great, physical  
gh which seemed to  
little outlet except in big  
and demon patience. He  
married. His life was  
tially scholastic and col-  
le in the old academic pat-  
that rare blend of monastic  
ness and mischievous-  
y boyish, good fellowship,  
resided at the end of the  
n age of assured con-  
y between Eton and King's.  
e field of medieval manu-  
is he gained an inter-  
nal reputation as a pale-  
ther and antiquarian. His  
work, a definitive edi-  
of *The Apocryphal New*  
ment, was published in  
He received the Order of  
in 1930. He died, listen-  
Christmas carols, in 1936.  
He was a humorous, oddly im-  
agined, autobiography called  
and King's—subtitled  
ollections, mostly trivial—  
is in its way a model life,  
th, well-trimmed, distin-  
ed and without interrup-  
indeed, much like the  
of the college. Only,  
were those shapes that  
d across it, occasionally, in  
lusk?

there is the little matter  
ghost stories.

ns, of course, had strange  
s of humour in those days,  
liked weird jokes lurking  
otnotes; conundrums in  
vulgate; etymological  
otes about diseases; ima-  
y friendships with dome-  
animals; or domestic  
dships with imaginary  
(No doubt it has all  
ted now.) Montague  
s's ghost stories fitted into

all these categories of cloister  
recreation. Yet this does not  
entirely account for them.

There is, for example, the  
sudden and unexpected oc-  
asion of their advent, at an  
October meeting of the  
Chirchbat Society, in 1893, a  
rather prosaic institution dedi-  
cated to "the promotion of  
rational conversation" and  
habituated to nothing wilder  
than dissertations on church  
portals or Breton ballads. The  
minute still exists: the 601st  
meeting, eleven members  
present, and "Mr James read  
Two Ghost Stories". There  
were serious scholars in atten-  
dance: Walker, Headlam, and  
Dr Waldstein of the Fitz-  
william Museum (where James  
was to follow as director); yet  
no explanation of this aberra-  
tion is forthcoming.

We know only that the first  
story was *Canon Alberic's Scrap-  
book*, one of the most horribly  
violent and deliberately auto-  
biographical of them all: in it,  
a travelling antiquarian, clearly  
identified with James, is set  
upon one lonely night in his  
auberge bedroom by a fiend  
whose picture he has just dis-  
covered in a priceless folio of  
medieval manuscripts.

His attention was caught by an  
object lying on the red cloth just  
by his left elbow. Two or three  
ideas of what it might be flitted  
through his brain with their own  
incalculable quickness. "A pen-  
ciper? No, no such thing in this  
house. A rat? No, too black. A  
large spider? I trust to goodness  
not—no. Good God! A hand like  
the hand in that picture!" In  
another infinitesimal flash he had  
taken it in. Pale, dusky skin,  
covering nothing but bones and  
tendon of appalling strength;  
coarse black hairs, longer than  
ever grew on a human hand; nails  
rising from the ends of the fingers  
and curving sharply down and for-  
ward. The shape, whose left  
hand rested on the table, was  
rising to a standing posture behind  
his seat, its right hand crooked  
above his scalp... he screamed  
with the voice of an animal in  
hideous pain.

Montague James was appoin-  
ted Dean of King's in the year  
of this story.

Then there is the question  
of the regularity of the ghost  
stories, which if not obsessive  
was certainly ritual. From 1893,  
when James was 31, he pro-  
duced approximately one story  
every year for more than a  
quarter of a century. The dates  
of the collections speak for  
themselves: 1904 (*Ghost Stories*  
of an Antiquary), 1911, 1919 (*A  
Thin Ghost and Others*), and  
1925. The *Collected Ghost  
Stories* appeared in 1931, and  
were reissued this autumn. Nor  
did James resort to any other  
form of fiction, except one, *The  
Five Jars*. But this was to be  
a deliberate piece of "white  
magic", dedicated to a particu-  
lar little girl with a very special  
place in his existence.

Next there are James's oddly  
insistent denials, for he rarely  
insisted on anything which  
belonged to the end of his life.  
"First, whether the stories are  
based on my own experience?  
To this the answer is No: except  
in one case, specified in the text,  
where a dream furnished a sug-  
gestion. Or again, whether they  
are versions of other people's  
experiences? No. Or suggested  
by books? This is more diffi-  
cult to answer concisely...."

Against these has to be set the  
fact that we now know that  
virtually all of them have direct  
links with places that James  
visited, or with work he was  
engaged upon. The old Cam-  
bridge University Library, the  
Fitzwilliam, and Ashmolean  
Museums, the favourite seaside  
resorts of Felixstowe and Alde-  
burgh, country houses in Devon

and Lincolnshire, his prep  
school at East Sharn, the cath-  
edral manuscript library at  
Canterbury, vacation visits to  
Scandinavia, Austria and  
France, his lifelong study of  
witch trials—all may be found  
under the thinnest of disguises  
in the stories. A professor from  
Poitiers University has recently  
written to praise James on the  
accuracy of his architectural de-  
scription of the little church of St  
Bertrand de Comminges, in the  
Pyrenees, which the fiend fre-  
quented in *Canon Alberic*; par-  
ticularly the detail of the stuffed  
crocodile in the nave.

In general the ghost stories  
reflect the everyday minutiae of  
James's own Edwardian  
scholar's world: the late night  
studies, the panelled libraries,  
the rural taverns, the cathedral  
precincts, the out-of-season sea-  
side hotels, the bustling golf-  
links, the closed cabs, the wink-  
ing servants, the lawyers' deed  
boxes, the mouldering chapels,  
the lonely lanes and the stretch-  
ing beaches of long, introspec-  
tive expeditions with a thin  
walking stick in the late after-  
noon. Indeed, James always  
insisted that it was just these  
precise, slightly old-fashioned  
but absolutely faithful scenarios  
that were the major factor in  
the power of his stories to  
"summon".

A moment's consideration,  
however, serves to delay the  
looming conclusion that the  
occurrences in the stories

were actually autobiographical.  
"Deux fois je l'ai vu; mille fois  
je l'ai senti", is the way the  
sacristan puts it in *Canon  
Alberic*. A man who saw all  
James's demons would do pre-  
sumably anything rather than  
write Christmas tales about  
them, although the diaries of  
Arthur Benson, the Master at  
Magdalene, suggest that he  
might resort to other forms of  
written record; and there is the  
case of Algernon Blackwood.  
But such literal transcriptions  
would be merely frightful,  
pathological fragments: not the  
beautifully balanced and  
thoroughly gentlemanly  
accounts of James's fiction.

Instead, one is led to ask,  
what after all is the nature of  
the ghost story, beyond that of  
pure entertainment? If it is  
not literally true, what kind of  
truth might it embody? Or  
what kind of response does it  
summon? Or what kind of  
catharsis does it provide?

Is there not, perhaps, an ele-  
ment of something like auto-  
matic writing within the purely  
mechanical arrangement of the  
suspense? While the outward  
narrative is deliberate, and in  
James's case finely worked to  
a really masterly pitch of under-  
statement and implied un-  
pleasantness, the inner en-  
counter is perhaps symbolic and  
not so deliberate. Indeed it  
may even be quite uncontrolled.

To this extent, the ghost story  
may have some of the proper-

ties of the dream. As James  
practised it, it might be one of  
the few genuinely successful  
forms of English surrealism. It  
has a power to summon and  
embody—the words have a par-  
ticular force of meaning in  
James's horribly muscular,  
crouching taloned apparitions—  
certain unformulated threats  
and contradictions both inside  
the narrator's own mind, and,  
even more, outside it, in the  
conditions of his life and social  
circumstance. The ghosts are,  
perhaps, the true historical wit-  
nesses, far more honest and  
solid than the poor, fleeing men  
of flesh whom they bound and  
harrow.

Here, too, it may be recalled  
that the basic action of almost  
all James's ghost stories is that  
of the investigation or research,  
which disturbs malign forces far  
more powerful than the investi-  
gator ever bargained for.

The sheltered, outmoded and  
somewhat peculiar tenor of  
James's life at King's, already  
contained, openly and on its sur-  
face, many of those qualities of  
the grotesque which were to be  
expressed at far greater intensity  
in the stories. This grotesquerie  
was of a special, English kind:  
an anecdotal mixture of under-  
the-fairly-funny, the macabre,  
and the cruel—strongly reminis-  
cent, in fact, of those dribbling  
gargoyles which everywhere  
ornament the stolid church  
architecture of the East Anglian  
fens. The autobiography *Eton*

and King's is packed with such  
tales of the eccentricities of  
fellow dons—of the aging ad-  
olescent, Oscar Browning; or of  
the crippled J. E. Nixon, who  
lacked one hand and one eye,  
and was said to have been com-  
posed of two dons compacted  
in a railway accident near  
Euston Station. Typically, James  
recorded with a sort of profes-  
sional interest the bawling of  
another old reiner by King's  
undergraduates:

They sat at their window looking  
out into the court and saw Mozley  
coming out of his apurcase, intent  
on a brisk walk. They then gave  
a low but penetrating whistle.  
Mozley started, looked round and  
stopped dead, and if the whistle  
was repeated ran back into his  
staircase like a rabbit. In a minute  
or two he would peep out again,  
looking cautiously about. Again  
they whistled, of course keeping  
themselves concealed: again he  
ran back.

This entertainment might,  
apparently, go on for an entire  
afternoon. How close it already  
lies to the theme of the story  
*O Whistle and I'll Come to You,  
My Lad* is evident. But James's  
only comment is: "Are done as  
odd nowadays as they were  
then? It can hardly be. Most  
of them are married and lead  
normal family lives."

By comparison, Nathaniel  
Wedd, a classical tutor at King's,  
has recalled in an unpublished  
memoir one of James's own  
peculiarly donnish superstitions  
which is equally suspended be-  
tween the sense of prank and

of real fear. "I lived in the  
rooms beneath him in Fellow's  
Building. At about 2 am I used  
to knock the ashes of my pipe  
out, tapping on the mantelpiece.  
Mozley told me how often and  
often when in bed he heard the  
tap, tap, tap, he used to lie  
shivering with horror. He  
couldn't believe it wasn't a ghost  
in his outer room, though he  
knew all the time exactly how  
the sounds were produced. At  
heart he believed in ghosts and  
in their malevolence."

James revelled in the com-  
pany of undergraduates, espe-  
cially in the evenings, when as  
Provost he had the Lodge lock  
replaced by a simple handle.  
Card games, mimicry, jigsaw  
puzzles, whisky and soda, and  
such hybrid university sports as  
tossing up coins freighted with  
licked postage stamps (the  
object being to frank the ceil-  
ing), went on far into the early  
hours. The cast of humour  
among the inner circle was ex-  
emplified by one of James's  
reviews written for private per-  
formance at the ADC, a bur-  
lesque on the Marlow Society's  
*Faust*. The Jamesian Faust is  
an undergraduate tempted by  
his Mephistophelean tutor to  
specialize in Occult Studies for  
Part II of the Tripos. Signifi-  
cantly enough, it is the lady  
domestic, his bedmaker, who  
pleads with him:

O Sir, don't take that 'orrid  
Necromancy:  
Whatever would your poor dear  
humble say  
I had a aunt took Necromancy once  
And he was come for in his  
second year,  
O such a turn it give me I and  
the  
And smell of sulphur in the  
furniture!  
It took me weeks on weeks to  
clean the rooms.

But all in vain: for the under-  
graduate's final appearance is in  
the palm of his tutor's hand,  
as "a small piece of meat".

How far these leanings  
accompanied James into the  
serious, scholastic side of his  
life and work as a paleographer  
is difficult to assess. The Apo-  
crypha is itself a somewhat  
twilight field, neither orthodox  
Biblical Studies, nor entirely  
medieval folklore, and it con-  
tains many strange presences,  
such as Solomon and the  
Demons. Several of James's  
short studies suggest occult  
atracutions, such as the mono-  
graph on the medieval biblio-  
phile and necromancer John  
Dee (1921); the essay on the  
legend of St Stephen (1902) and  
the crowing capon; the paper in  
the *English Historical Review*  
on twelve medieval Latin ghost  
story fragments; and the  
curious passage on the "elixir  
of the paleographer" in an  
educational pamphlet on *The  
Wanderings of Manuscripts*  
(1919). James was also fascinat-  
ed by the medieval besaneries,  
and produced several scholarly  
editions for the Roxburghe  
Club of these rather ambiguous  
manuscripts, which are part  
treatises on morality, part zoolo-  
gical catalogues, and part  
demonological romances. Some  
of his descriptive entries, both  
in their subject matter and in  
their understated style, have an  
uncomfortable sense of *déjà vu*.  
Here, for example, is folio 15b  
from "The Bestiary... of the  
Ms II 4.26 in the University  
Library Cambridge", published  
in 1928.

*Cocodrillus*. Under three shallow  
coco-drillus, a plain pillar at each end.  
The beast has a ridged and ser-  
rated back and tail and legs, and  
tremendous talons, a tuft under its  
throat and a horned head. It faces  
right, and seizes a nude man in its  
great teeth, by the middle: he is  
writting and crying out.

When James was received  
back at Eton, the official honori-  
fic speech of welcome contained  
a list of his scholarly achieve-  
ments and interests, which  
terminated with a pointed refer-  
ence to "Lemures' festo"; at  
which phrase it is recorded that  
"a grim smile for a second  
curved the lips of the new  
Provost".

At the deeper emotional level,  
there can be even less certainty.  
It is possibly suggestive that the  
date of the first ghost stories,  
1893, coincides with the arrival  
at King's of Jim McBryde, a  
talented undergraduate who  
later studied at the Slade. The  
close friendship which sprang  
up between James and McBryde  
was, perhaps, outside his  
immediate family of whom we  
know so little, the most impor-  
tant in James's life. McBryde's  
sunny, sympathetic nature, his  
gifts as an illustrator and raco-  
teur, seem to have done much  
to draw James out of himself  
and free his imaginative powers.  
It was McBryde's naive but  
extraordinarily evocative pen  
drawings which illustrated the  
first of James's ghost collections  
in 1904, with a directness—not  
untouched by amusement—that  
has not been rivalled since.  
McBryde travelled on many of  
James's cycling expeditions, and  
their trip to Scandinavia, to-  
gether with another under-  
graduate, Will Stone, yielded  
*The Story of a Troll-Hunt*, a  
charming comic-strip saga  
about their attempt (successful)  
to capture a specimen of this  
legendary monster with the help  
of some alcohol and a parrot  
cage. Other, less direct conse-  
quences of this voyage seem to  
have been James's most serious,  
*Number 13*, and the gruesome  
*Count Magnus*, in which the  
victim's face is sucked off his  
skull.

One has the sense that Jim  
McBryde was in many ways  
James's great emotional cata-  
lyst, and the friendship con-  
tinued to blossom when he later  
married and settled in London.  
Then, suddenly and tragically,  
McBryde died at the age of 30.  
Thereafter, James acted as the  
friend and adviser to his widow,  
Gwendolen, and as the guardian  
of his brilliantly pretty, golden-  
haired daughter, Jane. They, in  
turn, seem to have provided  
James with some of the steady-  
ness and affection of a family.  
James's wildly imaginative  
and amusing letters to Jane,  
especially between the ages of  
six and 12, are some of the  
most delightful and intimate  
things he ever wrote. They con-  
sist, very largely, in long  
dialogues between the Provost  
and the Provost's cat, on the  
subject of young Jane's welfare.  
It was for Jane that *The Five  
Jars*, a unique and gentle piece  
of fairy-tale exorcism, was  
written in 1922.

But the subject of cats, who  
always played an ambivalent  
role in James's imagination,  
leads back remorselessly and  
inevitably to the various beasts  
and monstrosities of that darker  
world. James's ghost stories as  
a whole may be said to form a  
kind of malign bestiary of the  
scholar's heart, for their fiends  
invariably show themselves in  
some furious sub-animal form  
which clutches up rapaciously  
at the exposed weaknesses of a  
man who is alone. This bestial  
manifestation can be observed  
most literally in *The Stalls of  
Barchester Cathedral*, where the  
guilty prelate is first beginning  
to feel the presence of his  
familiar as he dozes in the choir  
at Evensong.

During the Magnificat... my  
continued on page 12







## The Times records of the month

## Elgar and Britten

The Apostles. Soloists, LPO/Boult HMV SLS records £7.80.

n: Death in Venice. rd. Opera Group, ECO/rd. Decca SET 581-3 £8.85.

British musical public at has long adored the of Gerontius but the of Elgar which it is—The Apostles in The Kingdom in 1906—much less regularly per and Elgar devotes for decades been pleading complete recordings of

in 1969 EMI at last out The Kingdom in a did version conducted by drian Boult. Now here is Apostles too, again under indefatigable Sir Adrian, also contributes a helpful on the last of the six sides, tich some of the principal al themes are explained

Apostles deals with teaching, death and rection (whereas The King gives us scenes from The of the Apostles), laid out lgar's own dramatic and iful fashion, and with al emphasis on the human teristics of Peter, Judas, Mary Magdalene. An r generation used to hint The Apostles contained too secular incident to be admissible, and, admit as a boy I preferred the of the orgy and the storm Magdalene's big solo, and of Judas's ambition and rse, to the obviously pious meditative sections.

he new recorded perform-

is sprouted in these colour-

ful, thanks to the impos-

sing of Helen Watts

Clifford Grant. Benjamin

in, too, conveys the im-

us, undisciplined fallibil-

er, and Sheila Armstrong

s idly the Angel's solilo-

quiescence; this scene is full

of serious imaginative inven-

on, a piping, the blow-

of the Shofar, the old

one tune in the Morning

m. Boult responds to the

ness (does the orgy now

rather than why?) of the

an incident, but even more

able is his shaping of the

ensembles.

he Prologue is raptly un-

folded: "Turn you to the stronghold" is preserved from Salvation Army overtones by careful dance and loving attention to orchestral detail; and the extended final scene is impeccably shaped, embracing tenderness, confidence and mystery—here John Carol Case is heard at his most persuasive as Jesus (earlier I found him almost stage-parsonical beside his exuberant colleagues, the remaining cast being Robert Tear as St John the evangelist, a careful and gentle but positive study).

The conductor of the newest Gerontius recording was it may be recalled, Benjamin Britten, whose most recent opera, *Death in Venice*, now makes a prompt and welcome appearance on records. The listener will find it most helpful to listen, with the printed text book to hand, to this imaginatively engineered reproduction of something like the first performance of the words not only audible, but able to be pondered over, the dramatic action sharply spaced and distanced.

The conductor should always have been Britten. Sick at the time, he prepared as his replacement Steuart Bedford, who again, deservedly, takes charge of the recorded performance—but here he had Britten on hand to supervise the recording in person. Britten may have been able to suggest ways of tautening links between scenes, yet this performance seems not much different from those I saw in the theatre. The fact that the non-vocal half of the drama—the love-object Tadzio

and his family—would mean little, because they do not sing, is rendered groundless by Britten's scoring of their music for keyed percussion (indeed one notices the handsome blend of this with the gongola music when Aschenbach follows the family back to the Lido, a significant growth in the gradual involvement of the evocative gongola music).

I had also, in the theatre, found the Pentathlon a tedious, long-winded episode; the performance of this choral section on record sustains the special character of its music and makes one glad that Britten wrote at any rate most of it, even if the philosophical intention could have more cogently been made by some other means.

On these records Peter Pears if anything intensifies the astounded admiration which I felt last year for his impersonation of Aschenbach—his energy, the range of colour and emotion, the changes from private to public monologue and so to conversation, his manipulation of the recitatives and of the lyrical meditations. Interestingly the recording restores one vital sentence, not originally sung in the premiere, which reveals (with Thomas Mann) that Aschenbach was a widower with a grown-up, married daughter; he fell for Tadzio as the longed-for son whom he had never created himself, and misconstrued his paternal longing as a guilty passion. Given Aschenbach's Hellenistic concern (common to all classical scholars) for the struggle between Apollo and Dionysus, much more of the opera's content becomes valid—though heard on record, does not make its inferred point. Aschenbach, like Elgar's Judas, is an idealist whose asceticism betrays him.

The records answer some questions, ask others. For example, is John Shirley-Quirk, marvellously insidious in the several roles of Death's signpost, really righteously enough? He, after all, is Dionysus, Tadzio Apollo. A fascinating opera, not least because it unifies the composer of *Curlew River* with that of *Grimes*.

William Mann



Puccini in the snow.

## Love and competition

Puccini: La Bohème. Caballe/Elglen/Domingo/Milnes. LPO/Soli. RCA ARL 2 0371 £4.85.

Puccini: La Bohème. De los Angeles / Amari / Bjorling / Merrill. RCA Victor Orchestra/Becham. EMI SLS 896 £3.75.

Just Bjorling: Arias and songs. RCA SER 5704-6 £8.04.

It is ironic that *La Bohème*, Puccini's song to love and friendship, care and companionship, should have produced some sharp infighting between the record companies. RCA have been in no hurry to issue the recording they made well over a year ago in London with Soli and the LPO, arguing perhaps that it is a winter opera. So in due season it emerges. But simultaneously EMI bring out again their Becham set, which is a mighty shot to fire across a rival's bow.

The Becham *Bohème* is one of those rare achievements that should never be allowed to drop out of the catalogue. It has been discreetly and ingeniously remastered by A. C. Griffith, so that it almost sounds as though it could have been recorded yesterday or the day before instead of 17 years ago, and dressed up in a Christmas Cardy box showing the Barrière d'Enfer looking distinctly jolly.

Too charming? A little bit, but the charm is a result of the trades of this set. Becham disarms immediately with dancing, bubbling opening and then holds back the orchestra for the long, slow entranced phrases of the music of Rodolfo and Mimì. The Café Momus is all swagger and flourish, and then on to the third act which is possibly the apex of Becham's opera on record. At times he lingers, because he is in love with the work; but then the springiness returns and with it the sense of direction. This *Bohème* knows where it is going. The Musetta is weak. De los Angeles occasionally lets a slightly matriarchal tone cloud her voice, but her Mimì is still ravishing. Bjorling's Rodolfo is all honey and solicitude: another classic performance. And Merrill's Marcello has far more grace and character than I had recalled: "O Mimì, tu più non torni" is a re-statement of what he revealed as one of the finest duets

he made with Bjorling. So EMI have back on their books one of the ideal presents for this and every other Christmas.

And so to Soli and RCA. By contrast with Becham he produces a heavyweight performance, and perhaps with a Verdi rather than a Puccini cast led by Caballe, Domingo and Milnes there was no alternative. He also seems embarrassed by the jokes of the first act, rushing through in order to get them out of the way just as quickly as possible. Sherrill Milnes and Vincenzo Sardinero, potentially admirable as Marcello and Schaunard, are not allowed many chances.

But then appears the reason for the set: Montserrat Caballe. She and Soli proceed to have a musical love affair and the outcome is one of her best performances on record so far. She has trimmed down her voice to a light, shy girliness in "Mi chiamano Mimì" there is no hint of the prima donna; instead comes the honest reply to a new friend who wants to know just who and what she is.

Clearly she has been listening to her fellow Spaniard, de los Angeles. As the months of the opera slip by she allows a little more cloudiness and depth into the voice; experience and illness have taken their toll. At the end she has nothing left but memories. There is a gulp of emotion as Rodolfo's words

"... se la lasci riscalar" come back and the whole of Mimì is revealed in a few notes. By contrast Domingo's Rodolfo is prosaic rather than poetic, far less impressive here on record than he was at Covent Garden earlier in the year. Soli has aimed at conveying a group of people whose lives and loves have become mixed up with one another. Domingo, despite some individually fine phrases, seems to stand outside them.

Becham's *Bohème*, in which the snow can almost be heard falling as the Bohemians go off to the Café Momus or kiss and make up at the Barrière d'Enfer, remains my first choice. Soli's new issue scores with its ladies, Caballe and Judith Blegen, and high quality recording. Karajan on Decca has the best of the three orchestras, the Berlin Philharmonic, and the most winning of the contemporary Rodolfos, Luciano Pavarotti.

RCA, possibly in riposte to EMI, have brought out a box devoted to Just Bjorling to make up for the Barrière d'Enfer, and a substantial one, in the late Swedish tenor. These are reissues drawing on records both within and without the present catalogue—RB 6585, 6620 and 16011 are among the principal sources—so collectors will have most of the material already.

John Higgins

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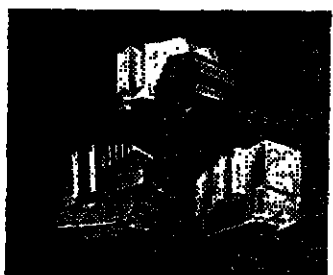
this century in October 1973. This is a record which will make all violinists sit up and take notice." Colin Kolbert, Records and Recording, November 1974.

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## The Strauss stakes

Strauss: Also sprach Zarathustra. Concertgebouw/Haitink. Philips 6500 624 £2.46.

Strauss: Tod und Verklärung; Vier letzte Lieder. Janowitz/Berlin Philharmonic/Karajan. DG 2530 368 £2.70.

Berlioz: La Damnation de Faust: Soloists/Boston SO/Ozawa. DG 2709 048 (3 discs) £3.10.

Mahler: Symphony No. 2. Armstrong/Baker/Edinburgh Festival Chorus/LSO/Bernstein. CBS 78249 (2 discs) £4.79.

Mahler: Das Lied von der Erde. Ludwig/Kollo/Israel Philharmonic/Bernstein. CBS 70105 £2.45.

Paganini: Violin Concerto No. 6. Accardo/LPO/Dutoit. DG 2530 467 £2.70.

The thought of Haitink in Strauss is liable to surprise anybody who likes strictly to put conductors into compartments or who is so attached to his Karajan or Kempe interpretations that he will brook no other. In fact, it is a strong contender for high honours.

With the help of a superbly detailed yet finely integrated recording, Haitink produces a sinewy, precise reading that avoids the tendency among some German conductors to make the work seem overblown and so give it a bad reputation. You may not get as carried away as by the recent Karajan version on DG, but the Dutchman's reading has its own validity in terms of sheer integrity and also fidelity to the score. The playing of the Concertgebouw is superlative and Henry Kravis contributes a mellow, refined violin solo to the *Tanzlied*.

Karajan himself is back in the Strauss stakes again this month with the *Four Last Songs*. Here again those whose view of these Indian Summer offerings was the Israel Philharmonic playing Mahler as to the manner born. For all that my preference among all versions at present is for the more evenly recorded and wonderfully disciplined Kleszki version now on an EMI medium-priced label (SXL 30165), with Murray Dickie and Fischer-Dieskau as superb soloists, but those who like their Mahler all-out will not be disappointed, with indeed, the Paganini is a work recently discovered in Genoa and thought to have been written before the composer's first concerto in D. It has the charm of a young wine, enjoyable at first taste but of no great lasting value. Violin specialists may care to sample it for Accardo's playing is firm and not too showy. The LPO are sympathetic accompanists, and the recording is clean and forward.

Stuart Burrows is the most convincing. Last night he sang, Gounod as Berlioz's counterpart, he spins a true legato but lacks a true C sharp—*an ut de poitrine* in his duet with Marguerite, here sung in a too cool, unconvincing manner by Edith Mathis. The trouble with her and Donald McIntyre as Mephistopheles is

that neither appears to be really inside their roles. Maybe the whole venture is one more victim of too hasty recording schedules.



Hector Berlioz

If DG tend to smooth away all the rough places in their recordings, CBS tends to the other extreme with the odd highlighting of different sections of the orchestra in turn. More than that seems to have gone wrong with Bernstein's new Mahler 2, stemming from performances at Ely Cathedral and Edinburgh last year, and also filmed. Balance is often awry and pianissimo passages so quiet that they can hardly be heard. Bernstein's view of the work has become no more disciplined over the years: he seems more and more concerned to show us his heart is in the right place. However, he does stir the LSO into their most eloquent playing, and the singing of the two soloists has not been surpassed in any other versions.

The solo singing is also a strong point in Bernstein's *Lied von der Erde*. This is a "live" recording of a performance at Tel Aviv in May, 1972, and the extra tension of a real event can be felt all through. Christa Ludwig surpasses herself in her deeply moving account of the mezzo songs, and Rene Kollo manages to combine the alternating delicacies and heroics of the tenor ones. Bernstein is here much less self-indulgent and, of course, the Israel Philharmonic play Mahler as to the manner born. For all that my preference among all versions at present is for the more evenly recorded and wonderfully disciplined Kleszki version now on an EMI medium-priced label (SXL 30165), with Murray Dickie and Fischer-Dieskau as superb soloists, but those who like their Mahler all-out will not be disappointed, with indeed, the Paganini is a work recently discovered in Genoa and thought to have been written before the composer's first concerto in D. It has the charm of a young wine, enjoyable at first taste but of no great lasting value. Violin specialists may care to sample it for Accardo's playing is firm and not too showy. The LPO are sympathetic accompanists, and the recording is clean and forward.

Alan Blyth

## Music in its original form

Händel: Solos for wind instruments and continuo. Frans Brüggen and ensemble. Philips SEON 6747 096 £6.80.

Arne: 8 harpsichord sonatas. Christopher Hogwood/L'Oiseau-Lyre Flörlingium DSLO 502 £2.55.

Arne: 8 overtures. Academy of Ancient Music/Hogwood/L'Oiseau-Lyre Flörlingium DSLO 503 £2.55.

Hummel: Clarinet Quartet. Crussell: Clarinet Quartet No. 2. The Music Party. L'Oiseau-Lyre Flörlingium DSLO 501 £2.55.

Blow: Ode on the Death of Mr Henry Purcell; songs from Amphion Anglicus. Soloists/Lephord Consort. Philips SEON 6575 016 £2.46.

Most of my records this month come in two new series, both designed to present "early music" (a fortunately flexible term) in something like authentic performances. These represent sincere and musically well informed attempts to come to terms with the music in its original form.

Having said that, I at once need to make reservations. The "complete" Handel wind sonatas is incomplete, unsurely selected, and puzzlingly claimed to be based on an early edition of 15 sonatas (of which 16 are listed) which in fact never existed. It seems to me a little perverse to exclude the finest of the oboe sonatas—published as such in Handel's lifetime, almost certainly with his authority—just because it was probably conceived for violin in the first place, and to *dismember* the biggest of the flute sonatas because parts of it originally formed a recorder sonata.

Still, these are minor issues; the important one is: what does the music sound like? Well, the purist should perhaps be satisfied by the use of contemporary instruments, all by the famous London makers the Stanesby

family; but if he is pure in ear he may not be too pleased by their intonation. It is not simply a matter of eighteenth-century temperaments, but rather, I think, that Frans Brüggen has not quite mastered the vagaries of the flute or the recorder which he uses. Both are gentle, mellow, soft-toned instruments, the flute rather the less interesting in sound. Of course, Brüggen plays with keen feeling for style; his tempos are well judged (often extremely vivacious in the Allegros) and most of the ornamentation is tasteful. The playing of Bruce Haynes on the oboe, a full-toned, forthright instrument (not, I take it, played on a Stanesby reed), is just like Mr Brüggen's in style. Indeed, it shares what seems to me a serious weakness: at almost every cadence, and at many other points, Mr Brüggen makes a tiny pause to add emphasis; and, actively as it may be on occasion, it becomes after six sides (and in fact well before then) a wearisome mannerism which damps the broad flow of Handel's rhythms. A set to recommend, but not without reservations.

The new Flörlingium series from L'Oiseau-Lyre makes a promising start. The disc of Arne harpsichord sonatas is recorded on a Kirkman of 1766, with a very full, brilliant tone, and a Bläser of 1744, which is a shade softer. The music in a characteristically English way, is diverse in style: there are movements which reflect the impact of the "Scarlatti cult" in London, there are fugues, there are toccata-like pieces, miniature concerto-style movements, dances, and many simple tuneful pieces which defy classification. Christopher Hogwood plays with considerable agility and vitality, and with a sturdy rhythm resilient enough to stand some expressive flexing.

The Arne overture disc marks the debut of a new ensemble,

the Academy of Ancient Music (named after a famous eighteenth-century concert organization), playing "authentic instruments". The string instruments are restored to original condition, and the wind are originals or copies (including some obviously recalcitrant valveless horns). I cannot remember hearing before an orchestra with so many strings and convincing eighteenth-century sound. The ensemble does not have the kind of surface polish that one expects from, say, the ECO or the St Martin's Academy; but the effect is delightfully fresh and vigorous. The music, again, shows an entire lack of formalism or dogmatism of style.

The Hummel and Crussell quartets are played on boxwood and ivory clarinets of about 1800, with restored string instruments. In Alan Hacker's own words, the clarinets have "a bright, full resonant tone"; the articulation is beautifully clear and incisive. Both pieces are charming: the Hummel for its vein of gentle sentiment (like a softened version of the Beethoven Septet), its witty scherzo and its touching, open-hearted Andante, the Crussell for its graceful melodies and its lightly-carried virtuosity.

It is good to have a record of Blow's music. His ode on Purcell's death is a moving tribute from the elder composer; and, even if one cannot entirely escape the thought that Purcell himself would probably have set Dryden's elegiac verses still more tellingly, the chromaticisms and discords and wilful lines make a noble effect, especially as sung by contraltos James Bowman and René Jacobs. The songs, for one to four voices, on the second side contain much exquisite music, sung here with style but some such expressive freedom, understandable perhaps from non-native English singers.

Stanley Sadie

## Small scale music drama

Henze: Compases para preguntas ensimismadas, Violin Concerto No. 2. Kukla, Langbein. London Sinfonietta / Henze. Decca HEAD 5 £2.55

Birtwistle: Verses for Ensembles. Nemä—the Death of Orpheus, The Fields of Sorrow. Manning, Marx. London Sinfonietta/Atherton. Decca HEAD 7 £2.55

Both of the pieces on the new Henze disc are concertos, for the whole of *Compases* (1969-70) is threaded by a violin line, played with warm tone and feeling by Hirofumi Fukai. The music is rhapsodic and lyrical in character, and thoroughly romantic. Sometimes the viola is alone in quiet musings; at other points it touches off some activity in the small mixed orchestra. When this happens the result is more likely to be a sympathetic cohesiveness of the soloist than an outburst of antagonism, since this introverted work picks its way with cultivated taste.

Not so the same composer's *Violin Concerto No. 2* of 1971. Though the title suggests a pure

concert work, this is another in the sequence of small-scale music dramas in which Henze has given didactic expression to his socialist commitment in recent years. The violinist-protagonist takes a line of devilish cunning, which could hardly be more opposed to the delicate charms of the viola piece. Henze's orchestration is as brilliant as in the earlier composition, but more vigorous and more determined to make points. The work is not free from quotations, spoken in the case of the solo part; the text and details of the scenario are included. Brenton Langbein is a properly virtuosic soloist, and the London Sinfonietta play with pungent force.

Fine playing by this orchestra also distinguishes the Birtwistle disc, which is very welcome; Birtwistle is the most gifted British composer of his generation (he is 40), and *Verses for Ensembles* (1969) is one of his best compositions. The "ensembles" are groups of winds and percussion, heard together or more characteristically, in alternation, chanting

their verses and refrains. At first hearing the most striking features are the most strident ones: blistering sonorities in the high woodwind, trumpet fanfares and braying clarinets. But the work's quieter moments are an important balance to such aggressiveness.

The two later pieces, *Nemä* (1970) and *The Fields of Sorrow* (1971), take a new direction in which stillness and laboured growth replace the harsh cuts of *Verses*. Both works have some connexion with the Orpheus legend, the subject of Birtwistle's next opera. *Nemä* is a frozen lament, much of it spoken in various ways, but with music struggling to break through. *The Fields of Sorrow* is a Dante-like piece, with an ensemble of chorus, low wind instruments and percussion reading heavily on a persistently repeated chord. Jane Manning, taking both solo soprano parts (she also performs *Nemä*), flies instantly at each side of the stereo image like a soul in torment.

Paul Griffiths

## Solti's Bohème

A BOHEME

Intervist Caballe, an enchanting link, is joined by Placido Domingo (Rodolfo), Sherrill Milnes (Marcello) and Judith Blegen (Musetta) in this new recording of *La Bohème*. The masterpiece of Puccini's score is lovingly recreated by the London Philharmonic Orchestra under the music direction of Sir Georg Solti. RCL 0371 2 records in box £5.38

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# Roman candles for Christmas

Although it is dark about five, it is still possible to fit in ample sightseeing in an afternoon, and it is worthwhile making at least one trip out of Rome to the

It is important to remember that restaurants, particularly open ones, can be thin on the ground outside the main tourist areas. By far the most prolific and rewarding are found in the Trastevere, within walking distance of the Roman Forum. Some display live fish in their windows: I particularly liked

One exception was the Casareccia, which is an unassuming establishment in the Borgo Pio with a little rear garden right against the ancient city wall and within shouting distance of St Peter's Square. I am a little ashamed to admit that I not only tried here that Roman speciality *gineproini*, later identified as roast thrushes, but also found them absolutely delicious. Equally good was the cold cooked spinach served as a side dish with wedges of lemon.

Formerly the scene of ancient chariot races and later medieval tournaments, the Piazza Navona was, to my relief, filled from end to end with the annual Christmas fair. Whole pigs are

rics reach their most boisterous, and the fair is enlivened by the Befana—an elderly fairy who gives away toys, especially noisy ones, like a female Santa Claus.

What of Christmas itself? The shops are full of predictable goodies, but the cribs are something quite apart. They seem to adorn most churches and it is possible to spend days inspecting these alone. They vary a

Children were more taken, as I was, with the complex crib or the Spanish steps—a theatrical row of realistic dolls' houses, with figures and interior lighting, ranged either side of the manger. It was more pleasantly unaccompanied by shepherds in impossibly rustic attire playing laments on their bagpipes.

My parking memory was a visit at sunset to the Palatine Hill, the mound overlooking the Roman Forum where Augustus was born and lived. Nothing of modern Rome is normally seen from within the ancient walls of the former palaces there. Pine, ilex and oleander grow, and standing there quite alone we found it easy to imagine it as the favourite haunt of English eighteenth-century painters of Italianate landscapes—the original landscape with ruins.

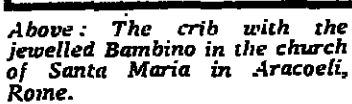
Further information may be obtained from the Italian State Tourist Department (ENIT), 201 Regent Street, London W1.

**Robin Mead writes:** In my recent article about European ski resorts, I mistakenly suggested that this winter is the first in which inclusive skiing holidays have been available in Andorra. Several operators have a connexion with the country stretching back over several seasons, among them Thomson, Ski-Plan, and Freedom Holidays.



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Left: Christmas Fair in the Piazza Navona, Rome.

# Horticultural brinkmanship

This is excellent; if a challenge is accepted and if we lose, it -does not matter provided we can afford to pay for our failures. But with costs of plants and bulbs inevitably rising fast, maybe many of us will have to think twice about the kind of gamble with plants that we might have accepted a few years ago.

For a long time, *Eucalyptus gunnii* was thought to be the hardest species grown in Britain—many people still think so. But in the winter of 1962-63 many specimens of *E. gunnii* died, including mine, while most trees of *E. niphophila*, *E. parviflora*, and *E. pauciflora* survived. The round leaved *E. gunnii* is reputed to be fully hardy. A good collection of *Eucalyptus* species has been planted at the Royal Horticultural Society's garden at Wisley, and it will be interesting to watch their development.

able that the customer chooses the right ones for his garden or purpose, and that he can obtain the right advice from the plant suppliers. Many garden centres proclaim that there is a person available who is qualified to advise. This is fine so long as he is qualified; but even so he cannot deal with more than a few customers on a busy afternoon.

It may be objected that postal and other carriage costs make buying from mail order nurseries uneconomic. But for obvious reasons garden centre plants cannot be cheap, and one has to count the cost of fetching the plants. Specialist nurseries, especially those who issue informative catalogues, give valuable service.

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## George Hutchinson

New name  
in the hat for the Tory  
leadership

First a comment or two, by way of setting the scene, then some interesting news.

If one were trying to evaluate the relative importance of the various factional moves in the struggle for the Tory leadership, Mr Heath's sturdy, calm and measured attempt to preserve and perpetuate his authority would, I suppose, come first, not only by reason of the advantages attaching to possession, but because his resolute stand in the face of attack argues deep inner confidence, an indestructible belief in himself. Potential or aspiring successors and their supporters are probably of greater interest, however, because some (but emphatically not all) are intent on overthrowing Mr Heath—and that, whether you approve of it or not, is more dramatic than upholding him.

Happily, the Conservatives have so far avoided the bitter public conflict that was threatened in the immediate aftermath of the election. For that, they can thank Mr Heath. But for his moderating example, it might have been all over by now—all over in more than one sense, with the wrong successor chosen at the wrong moment.

Meanwhile the struggle continues, but not blatantly.

Mr Edward du Cann's supporters (rather than Mr du Cann himself) are becoming more pressing, intimating that he would—in an extremity—allow himself to be nominated for the leadership in spite of repeated protestations that he is content with the chairmanship of the 1972 Committee. The prospect is not taken lightly by many senior members of the party whose own preferences lie elsewhere: they see a distinct danger that Mr du Cann might prevail in an early election.

Not that any of the present Shadow Cabinet would agree to serve under him—but then he might not want them. I am told, too, that many officers of the party would resign—but again he might welcome that, on the ground that they are over-identified with Mr Heath.

There is a more important development, however, and it is this: a number of Sir Christopher Soames's Conservative friends and admirers are actively promoting his early return to the House of Commons. They would like him to be eligible—that is to say present in the House—when a new election for the leadership takes place next year, as it must in the light of recent events.

Short of utter refusal to contemplate a resumption of his parliamentary career, Sir Christopher, one of the EEC Commissioners, cannot do anything to stop his wishers. They mean to tempt him back to Westminster by producing the offer of a seat.

What they are looking for is a constituency association with like-minded officers who could guarantee his selection if the

sitting member retired. A tall order, you may think: but not an impossible one.

They believe that if Sir Christopher returned to the Commons early enough he would quickly attract further interest as a potential candidate in a leadership contest. To say this is not for a moment to suggest that the Soames supporters are intriguing against Mr Heath. Nor are they intriguing against Mr Whitelaw, a good friend of Sir Christopher. They are simply trying to ensure that when the leadership is again put to the vote Sir Christopher Soames is available.

Neither Mr Heath nor Mr Whitelaw would quarrel with that—though the news may please Mr du Cann.

Mr Whitelaw seems rather at a loss for words these days—a disconcerting turn in someone who is normally so engagingly laconic. But perhaps it is only the written word that is eluding him. At all events, he has contributed a stirring piece to the *Conservative Monthly News*.

Turning to the *CPC Monthly Report*, however, we find the use of the selfsame stuff—and occupying overmuch space to do so. The two are almost identical.

Many Tories take both publications, and it is boring for them when the one is simply repeating the other. Tiresome though it may be, I fear that as chairman of a party looking for guidance Mr Whitelaw will have to put pen to paper more often and provide a little variety.

Now that the party has a director-general, Mr Michael Wolff, to supervise and stimulate the organization, the chairman can afford to be less a Woolton and more a Hailsham, a voice and spokesman rather than an administrator.

Mr Alan Howarth, who is at present teaching English to one of my own children, among others, and will shortly be joining Mr Whitelaw's private office, may care to take note of the point, which seems rather obvious.

Though more than action, chairman Whitelaw's words—but not the same ones over and over again.

I wonder how many people know that Sir Oswald Mosley, exiled in France, still maintains a political office in Westminster. It is called the Mosley Secretariat and issues broadsheets from time to time, more often than not on economic affairs, all in Sir Oswald's name and unmistakable style.

In the latest of them he establishes what I take to be a record: within six weeks of the last election, he is first off the mark in calling for another. He wants "a new Parliament freshly elected to support a government drawn from the whole nation." Certainly, it should contain the best of politics from all parties who are willing to face danger, and also business and trade unions should be invited, representatives of civil service and universities, and I would add defence services.

An echo, surely, of the Tory programme in October. Perhaps Sir Oswald is reverting in old age to the party of his first allegiance.

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Always sticky, very hot in the middle of the day with the threat of an occasional thunderstorm is an apt description of normal Brisbane weather conditions for this time of the year. It could just as well describe the pattern of Australian cricket in all the Test matches against England at Brisbane since the Second World War. I have felt that we have been overwhelmed as much by the humidity as the occasion.

Now we hear that Queensland is wet and cold. Can this be an omen for a change of fortunes in the field?

In so many ways this tour has followed no previous pattern. Rain has spoiled the run and disrupted the flow of cricket practice. Cold winds have stiffened up the bowlers. The wickets are unpredictable. There is little evidence of the customary combative resistance from the state teams. MCC have been coasting along, going from strength to strength. And New South Wales, not the prize scalp that once they were, it seems, have been demolished in the grand manner by superior all-round cricket.

This victory has been the climax to an encouraging build-up to the First Test, providing just the tonic Dennis will have needed after his recent spate of injury. This behind him he can stride out with a lighter step than he could have hoped for a month ago. He will be taking comfort, and with some measure of disbelief, I suspect, that as MCC have gathered in confidence, so the Australian star has appeared to fade. We keep expecting some special performance on the part of a

young Australian cricketer but, mercifully, there have been few ominous noises.

Moreover, the Australian cupboard is looking surprisingly bare of established players. Stankovic and Sheahan have retired in their prime. Gleeson has had enough of commuting 400 miles each weekend from the interior for his club game, at an age when Tich Freeman was just beginning to take 100 wickets every season for Kent. In a country where so little first-class cricket is played such losses are irreplaceable in the short term and leave a yawning gap.

Over the years, Australia seems to have had a knack of finding a youngster, every so often, who could survive the ordeal of being pitch-forked into the heat of battle. Neil Harvey, currently Chairman of Selectors, was such a case in point. He would be the first to concede, I am certain, that it is easier for the prodigy to flower in the shadow of great players. There are several fringe players on trial at Brisbane and they could find it lonely as the top flight.

The brothers Chappell seem to be the rock of Australian cricket with tenacious batsman-wicketkeeper Marsh a formidable cornerstone. He is a man after Billy Brasher's heart, and both are good. Both talented but with chequered case histories, bring a leaven of experience. Walker, at a lively medium pace, may become their best bowler, especially if the wickets are going to give more assistance than usual. Finally, there is off-spinner Mallett, who is a master of quite the same teasing arts of flight as Titmus, but more sure in length and line

Why most of us may see in  
the next Ice Age

Suffering under an unusually abysmal autumn, with provisional records already showing twice as much rainfall and colder conditions than for previous years, it is understandable if people begin to suspect someone or something of tampering with the weather. Matters are only confused by the fact that it is difficult to decide what constitutes normal conditions. In the past two or three years the autumn and early winters were low on average rainfall. Underground water sources were not fully replenished, thus provoking additional anxieties about public water supplies, which are barely adequate to meet increasing demand in some urban areas.

Inconveniences in Britain are laughable when compared with the human devastation, which has been worsening in successive years, in the Sahel of West Africa, Ethiopia, the Indian subcontinent and elsewhere. Summer rains have failed to come, or arrived too little or too late in tidal waves drowning thousands, and destroying land and homes.

For the dying peasant and millions of refugees, the changes in the pattern of climate are matters for intellectual speculation. They are dead animals, stunted crops and dustbowl which were once fields.

The questions remain. What is happening? Why is it happening? Will it get worse? If so, how quickly? But an ambitious attempt to give the layman an insight into the influences on climate is made by Nigel Calder in *The Weather Machine and the Threat of Ice*, published on Thursday to coincide with a BBC television documentary.

From an impressive assembly of evidence prepared by specialists in many countries from satellite pictures of the extending polar ice fields, balloon measurements of jet streams, deep sea drilling revealing a plausible climatic change from the fossils and minerals in the layers of sediments and archaeological records—Mr Calder concludes that a new ice age is coming. What is more, it could come quickly: that is within the lifetime of most of us.

As little as four or five years ago only a tiny number of climatologists, meteorologists and geologists would accept the notion that drastic changes could occur in the span of a human lifetime. However, a relentless accumulation of evidence from a wide range of experiments and expeditions have forced acceptance of a different picture. One form of ice age might be spaced at long term intervals (tens of thousands of years), but little ice ages (lasting one

## Sportsview



Dennis Lillee: Fit enough to last the distance?

than he was.

For the rest, there is uncertainty, not least surrounding Lillee. Every cricketer's heart, and man will applaud his courageous fight back into first class cricket and will wish him a measure of success. What a relief for our batsmen that he will not be able

to ply them with all his old fire. It remains to be seen whether he can develop the sort of skills that Lindwall displayed so effectively in later years, and more to the point, whether he is really fit enough to last the distance.

I have been saddened by the

reports of deterioration in Australian wickets. It is a trend which is wide and hard to arrest. Good groundsmen, like good gamekeepers, are as hard to find as red berries on Christmas holly.

To be selected to tour Australia, like Amis and Lloyd on this their first visit, and to find varying texture and an uncertain bounce, must be a disappointment. Imagine the frustration to Jack Nicklaus, having taken time to sharpen his long game in order to win the British Open at Carnoustie, only to find that weather conditions necessitate transfer of the meeting to the adjoining short course.

I can hear them chuntering away in the slips during Lever's long walk back during those interminable night ball overs, and under their feet, the only advice is to be patient. It can be a long hot summer. They play twice in Melbourne and I predict two long drawn out games there, and a good wicket under a fierce sun at Adelaide. So, hold your peace until after Christmas!

While on the subject of wickets, what has been happening at Brisbane? It is surely unprecedented. Was it not W. S. Gilbert who waxed lyrical about the Emperor of Japan in the last Test? For two weeks now, not so many degrees of latitude away to the South, trying to work wonders with the wicket of Woollongabba strides the former Lord Mayor of Brisbane, veritable tycoon, cricket share and just about Lord High Everything Else around.

For years the Brisbane wicket has been full of runs, mostly Australian runs it is true, save for Dexter's two brilliant in-

ings of 70 and 99 in 1962. With the recent rains the ground washes, fit only for wicket-keepers and snipe. The groundsmen could not face it and lastly citizen Mr Jones is now in charge of the wicket for the First Test match. In this tropic climate, he has the vital allies of a luxuriant growth and, cloaking, a sun very high overhead at midday.

The English camp must be all this with more interest than usual. There appears to be a real chance of bowling a first over twice here and England must be the better equipped for the conditions. Greig and Underwood could both use the sun. But the key figure could be Arnold. He has been in fallow for awhile waiting for this sort of opportunity. A healthy layer of grass on the holding moisture suggests a torrid time for batsmen and a lot could go wrong if eight balls of an Arnold are in these conditions.

The selection of which the fast bowlers will play is quite a problem. Titmus is a hard nut to crack. Yes, there is plenty of work ahead when grounds dry out. Lloyd may not be an injury—very hot but he will get his chance later. He has done enough already to deserve it.

Spare a thought for I Taylor. With Knott playing well he is destined to a second spring. Yes, there is a better wicketkeeper in the world today than Taylor. Try to explain that to an American. But that's cricket.

Colin Cowdrie

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Gwyn Thomas:  
writer with a preacher's  
impulse

Gwyn Thomas stayed away from the premiere of his new play in Cardiff. Words never fail him, his sharp, ploughshare mind keeps turning up the distinctive imagery and epigram—but his nerve sometimes does. So he found refuge in a pub near the theatre and went to the party after the performance. "First nights are a torment I cannot cope with. In any case this is my first stage play in 11 years, and when the novel is your medium you are remote from the Homeric efforts needed to project things in terms of voice and body."

The play is called *Sap* and is set in the trenches, the Cabinet room and the Welsh valleys during the First World War. "The idea and the scenes were in my mind a long time. The play spotlights a great theme and question in much of my work: why do men have this capacity for being persistently daft."

"That war left long shadows. It brought the smell of death and depression, and in South Wales, our greenhouse of calamity, had a diet of suffering."

The aftermath of war, the hardship, human and humanity that he experienced while growing up in the Rhondda, have been central influences on Gwyn Thomas's work and attitudes. Today—he is 61—he still delves frequently into that enormously productive pit, driving new headings into memory and imagination, to fuel his books, broadcasts and astonishing conversation.

"The first principle of my life is loyalty to my immediate community," he says, and his community is essentially, the Welsh valleys of the years between the wars. His compassion, his pride in the dignity of valley people in adversity, his eye for the incongruous and his ear for language, have made his reputation as an outstanding proletarian writer.

Some critics have questioned his loyalty and say he is guilty of "betraying" his Welshness and airs them, but he is unwilling to hurt and the first thing you notice about him is his warmth. Anger has its place but his character is rooted in compassion and humour.

He is now writing a volume of essays. "I love the essay: a great art form now fallen into contempt, a magazine once asked me to write an essay on owl pews. What an assignment—three days to research, three hours to write, and three months to dry out."

"I have never had to lash myself to a desk to write. It has always been compulsive with me, like the crying of a child. But it can rob writing of its cunning and I have not been so tenacious with enough concern for the people who are going to interpret it."

He also writes a television column for the *Western Mail*. "Too good an education prevented my becoming a religious person, yet the impulse to preach is there. I have become addicted to television—some of it is exhilarating and some of it is bottomless stomach for crime fiction—and writing about television is a magnificent pulp. But television devours writers and through it we shall know the real meaning of recycling."

Gwyn Thomas was the youngest of 12 children. "I was the chopping block in our family. If anything went wrong on my brothers they took it out on me. One was always being jilted and he would come home, play the piano, and then belt me out of me. It improved my sense of humour no end."

He went to Oxford and disliked it. "I felt totally alien. It was a grotesque experience. It should have produced a homicidal anarchist. But my sense of the absurd saved me. Then I went to Madrid University and



heard the sound of a cymbal being struck. I was in Spain for more than 20 years combined his writing with schoolmastering. "Luther's right. No man should teach more than ten years. I came out with eroded nerves and a wounded larynx. But I have regretted because the period gave me splendid material."

"The teacher's life can be humiliating. Consider the dramatic performance that goes into a 45-minute period when he is conscious of his inadequacy and there are 35 pairs of eyes upon him. For a teacher, television has come a benediction."

There are two areas of Welsh life where Gwyn Thomas's pungent opinions make him particularly controversial. He does not like nationalism and he believes Wales would be better had Welsh died. Thus, he earned the approval of many people some of whom wish they could express their dislike as well as he; and the disapproval of those who find his views narrow and outdated.

"I am extraordinarily glad to have been brought up as a Welshman. I am grateful for all the political and cultural things and I bridge against anything that might limit the Welshness of the Welsh in Britain, which is where nationalism is about. In one way though the rise of nationalism delights me. The industrial south has always regarded itself as the only valid part of Wales, politically. Now the rural republic of Wales is making itself felt."

"I have said as many acid things about the Eisteddfod as any man of my weight. But my early life was expressed eisteddfodically at a time when the Eisteddfod was not tied to Welsh. I have a sense of impatience as the pretensions of Welsh speakers become more acute. The future could become dark but we are so brotherly in Wales. I don't think it will. We would always warm the knife before sticking it in."

He returned to the subject of the war in which his play is set. "I suppose we learn something from it. Men would not do the same again—rush off to one small area to die and an authentic discourse like Halcyon could not emerge again. But everywhere we see abdications from sanity. In my early years I lived in a world of Trappist tranquillity compared with today. Legions of men have come addicted to getting up in the morning and wondering who they can blow up before lunch. Terrorism is a declaration of war against intelligence."

"It may be that humanity gave in its notice in the First World War and is now slowly pulling out. In my view man should not be walking erect but should be a quadruped. I think that most of our trouble stems from two limbs to get around instead of four."

Trevor Fishlock

## Paris calls out the 'fire brigade' painters

"I'd have a go at that Prouvé if I hadn't bought my Gervex yesterday," he said (in French) looking up at a fleshy, green-tinted naked lady clutching her breasts while her red hair billowed. The scene was the Hotel Drouot, in Paris, and these are names which would only have been mentioned with disdain or laughter in a Paris sale room until last year. Now the names of the so-called Pompiers artists—late nineteenth-century French academic painters—are on every lip. Last of the field among European nations, the French are beginning to reassess their nineteenth-century painters and rediscover reputations eclipsed by the Impressionists.

The new fashion has essentially come about as an extension of *la mode retro*, the general nostalgia for the art and artefacts—from female fashions to picture postcards—of roughly the period 1880-1935. Or, in the new popular vocabulary, the period that runs from the Belle Epoque (or late nineteenth century) to the "Années Folles" (the 1920s).

The term "Pompier" should perhaps be explained. It is thought to derive from the helmets worn by the Greek gods and heroes depicted in the canvases of the late Classical painters and their close similarity to those of the Paris firemen, or pompiers. The term is used to describe late nineteenth-century academic painting whatever its subject matter, though most especially works in the highly finished technique of *demi-teintes* deriving from classical teaching and the Ingresque tradition. The term is now treated with sufficient seriousness to have generated an argument over whether fashionable society painters with a technical debt to Impressionism (de Nittis, Gervex and others) can be accounted Pompiers. This is irrelevant as far as the new art market fashion is concerned; it embraces all the successful painters of the last few decades of the century.

A new fashion has got under way during the past year. In October, 1973, Bob Benamou opened his Galerie Tanagra, the first commercial gallery in Paris to specialize in Pompiers art. His first exhibition was devoted to Gérôme's poly-



"Le gynécée" by Georges Rochegrosse to be sold in Paris on Monday.

chrome sculpture. Then in March came an auction breakthrough when a collection formed recently (for fun) by M. Jean Soustiel, devoted to Pompiers and Symbolist painting and sculpture, with a dash of Art Nouveau and Art Deco artefacts, was dispersed at Drouot by auctioneer M. Georges Pillias. Serious prices were at last being paid for the Pompiers painters. A half-length study of a girl symbolizing summer by William Adolphe Bouguereau—an arch-Pompier—made 46,000 francs (roughly £4,600). "Meditation", a small painting of a classical youth meditating at an open window, by Georges Rochegrosse, made 47,000 francs. A portrait of his wife by Gustave Popelin, which had cost 50 francs at Drouot in 1969, now sold for 13,500 francs.

This sale was catalogued by a new fashion name, Lyne Thornton. It tends to be referred to as *la vente de Lyne* as does also (and confusingly) a major sale that is to be held on November 25 featuring "Salons et Orientalistes de 1850 à 1930". Lyne

is indeed a central figure in the new Pompiers scene; both her March and November catalogues are characterized by careful and enlightening research such as had never previously been applied to the Pompiers. Lyne, who used to run Sotheby's Art Nouveau department, settled in Paris in 1971; as a foreigner she has had to struggle for acceptance but this autumn, thanks to the Pompiers, she has become the first foreigner to be accepted as an official auctioneer's expert in Paris.

*La vente de Lyne* on November 25, again organized for the George Pillias, offers a rich visual feast. There are Oriental scenes by Gérôme, going on in the ancient world by Rochegrosse, battle scenes by Philip-poteaux and Detaille, a decoholic society lady with a cigarette by Gervex, and more. It is, I think, the combination of high technical ability with exaggerated subject matter that provides these paintings with jet-set appeal in 1974. The Greeks are more Greek, the

more orgiastic, the mondaines more worldly than in real life. The Pompiers are exotic and flamboyant.

Thus the new Pompiers research is still a long way from a serious and scholarly reassessment of French art in the nineteenth century. Pompiers addicts dismiss the Realist school of about 1830-60 as "brown pictures". M. André Watteau, whose gallery specializes in this period, admits that most of his clients are outside France.

Another dealer interested in the period is M. F. C. Seligmann, whose gallery in the Place Vendôme combines fine French furniture and nineteenth-century paintings. His private collection is concentrated on the world of Marcel Proust as depicted by the society painters of around 1900, but he has an eclectic eye and sells paintings of fine quality from any period of the century.

Geraldine Norman  
Sale Room Correspondent

The heavies  
are making their  
comeback

Every time petrol prices rise, thoughts turn to other sources of power. The working horse, which converts grass, oats and hay into energy, is staging a comeback that staggers even the most optimistic of those who stood by their "heavies" through thick and thin.

Shire, Clydesdale, Suffolk and Percheron are Britain's four heavy horse breeds, the Belgian being added in North America. It was America, cradle of the internal combustion engine, that began to lift the heavies from the doldrums of the 1950s and 60s. A party of American and Canadian breeders visited Peterborough Heavy Horse Show in 1970, liked what they saw, and placed orders.

History of 100 years ago repeats itself. Then, large numbers of Clydesdale stallions from Scotland and northern England crossed the Atlantic, to cross with the smaller, general purpose mares suitable for either buggy or plough, "and more suited to the buggy than the plough", according to a contemporary report. "Horses furnished the power that broke the sod of the prairies, pulled the stage coaches and canal boats, transported the freight and helped win the wars."

Today Britain has vast numbers of strong pony and riding mares capable of bearing a foal to a heavy horse. Even the first cross produces a suitable harness animal, and strength is gained with every generation. Demand for draft stallions grows overseas. Nigeria sent a firm order for 12 horses to the Shire Horse Society, and six more black Shires with white legs are wanted by Mr Jerold Hoffberger, President, National Brewing Company of America.

Suffolk horses are sought in South Africa, while the British Percheron Horse Society membership increases 25 per cent a year. This breed is fortunate in being able to import from its fountainhead in France, where some 40,000 draft horses remain. Clydesdale registrations show an annual increase of 50 per cent compared with three years ago, and at a recent Aberdeen sale, 14 Clydesdales averaged £540, with five mares at £900 apiece and a top price of £1,200. In the 1960s they would probably not have reached three figures.

Sets of harness sold for £200, and makers will indeed be hard-pressed to match the heavy horse boom. Demand was met before and will be met again, but current fodder prices are more serious. The farm horse does at least consume some grown food, without recourse to the merchant. Above all, it breeds its own replacements.

In livestock breeding, Britons remain as pre-eminence and dedicated as ever, and the soaring market will be met eventually. Launching of a new national quarterly, *Draught Horse*, Cherry Young Britons, girls especially, have been pony-mad since the Second World War. The swing towards the heavies bids fair to equal this enthusiasm, and the Ministry of Agriculture may soon need to re-enter working horses in farmers' annual returns. When they ceased, it seemed but one more step on the road to oblivion. Now the phoenix is rising from the ashes, and for every heavy horse mare there are a score of willing buyers. They are one with Ogilvie.

Blue blood for him who races, Clean limbs for him who rides, But for me the giant graces, And for every heavy horse mare there are a score of willing buyers. They are one with Ogilvie.

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Edward Hart











Swimming: US synchronized championships (1.30).  
 Racing: Wolverhampton races at 1.45, 2.15, 2.45.  
 Skiing: World Alpine championships (2.25).  
 Snooker: Norwich Union tournament (2.55).  
 Wrestling: Cardiff promotion (4.0).

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# THE TIMES

## BUSINESS NEWS

### Receivers called by Triumph investment and banking group

Financial Staff Investment Trust, a group run by Mr G. T. Whyte, has collapsed. It announced last night that it had called in receivers to take over its affairs.

Triumph group has been hit by the secondary bank crisis caused by the plunge in equity and property prices. This has already led to the collapse of Cornhill and operations in London and Securities and Cedar.

late as yesterday there rumours, on which the declined to comment, of a bid for the group in the form of a bid from Arab interests.

since the group announced heavy write-offs and in August there have been for its future which have led in the price, this has come down 12p to 3p over the past year first announced in this year that it had hit by the secondary bank crisis and that it had red aid from the "Life Committee of the Bank of India and the clearing banks. August sweeping management changes were announced involving Mr G. T. Whyte as chairman and Mr. Whyte as chief executive.

his place as chairman taken by Lord Chelmer, a treasurer of the Committee Party.

at this time, Triumph also announced losses of £15.5m to the plunge in equity and property markets. e then Triumph has been trying to sell off its assets. ever, last night's announcement made it clear that this situation has failed.

### Mr Healey for talks in Saudi Arabia

By Melvyn Westlake  
Mr Denis Healey, Chancellor of the Exchequer, will visit Saudi Arabia for three days next month for discussions with government ministers in Jeddah, it was disclosed last night.

Accompanying him will be Sir Derek Mitchell, the most senior Treasury official on international monetary affairs.

Timing of the visit is regarded as highly significant in Whitehall circles, and would appear to constitute a major plank in Mr Healey's oil diplomacy.

Among Saudi dignitaries the Chancellor is expected to meet Prince Fahd, Minister of the Interior and Deputy Prime Minister. He may also see King Faisal. Presumably, Shaikh Ahmed Zaki Yamani, the Oil Minister, will also be high on his list.

Official sources would only say yesterday that Mr Healey would be discussing questions of mutual interest to both countries.

Dr. King seems unlikely that Mr Healey is attempting to raise a fresh loan.

It is more likely that he will be sounding out his hosts on the various proposals for recycling surplus oil revenues back to the major consumers.

A number of schemes for recycling have recently been mooted, including the Chancellor's proposal for a special facility within the International Monetary Fund.

Dr. King, the United States Secretary of State, last week proposed a \$25,000m (about £10,775m) fund to help those developed nations worst affected by the oil price.

The Chancellor will no doubt be keen to get Saudi government views on all these schemes. At the same time the question of oil price is bound to be discussed.

Mr Healey will try to impress upon his hosts the need to take early action to reduce the price.

It was also revealed yesterday that Mr Harold Lever, the special financial adviser to the Prime Minister, will soon be taking up a long-standing invitation to visit Iran.

### Citibank lowers prime lending rate to 10pc with its seventh cut in successive weeks

From Fred Emery

Washington, Nov 22

Further reductions in the prime lending rates were set for Monday as First National City Bank of New York today announced a lowering to 10 per cent, from 10 1/2 per cent.

Several banks across the country followed suit, remaining as in past weeks, a quarter to a half point behind Citibank's trend-setting.

Citibank's cut was the seventh in as many weeks and brought the rate to its lowest point since last April. The move is evidence of the continuing increase in money supply by the Federal Reserve.

The New York Federal Reserve Bank had signalled Citibank's move yesterday and statistics indicating the average 30-day commercial paper rate—on which the lending rate formula is calculated by Citibank, among others—had

dropped 12 basis points to 8.88 per cent.

Banks across the country are now left with what is called a four-tier rate—many are still posting 10 1/2, 10 1/4 and 10 1/8 per cent.

Fed's \$1,000m error: The United States Federal Reserve system may be pursuing a slightly easier monetary policy than generally assumed by specialists in the open money market.

That possibility came to light at the regular weekly press conference of the Federal Reserve Bank of New York.

The Fed disclosed that because of a "reporting error" it had been operating under the false assumption since Tuesday morning that the banking network had \$1,000m (about £430m) more reserves than was actually the case.

Also, a close analysis of statistics released by the New York Reserve Bank showed

that the Federal Reserve bought not have been any change in targets. In fact, funds eventually traded as high as 10 1/2 per cent on Wednesday.

Disclosure of the \$1,000m error, analysts said, left them believing Wednesday's Fed operations may have been a mistake.

The view of Fed watchers was also blurred by the Fed's direct transactions with one or more foreign central banks.

Figures released yesterday indicated the Fed purchased about \$750m of Treasury bills in the week ended Wednesday.

Specialists did note that the pound for a period was under sharp pressure against most other currencies. Thus it was likely the Treasury bills were bought either from Britain or another European nation with the dollar proceeds being used to shore the pound through purchases of the currency.

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### Rolls-Royce chief rebuts criticisms of £8 pay deal

By Ronald Faux

Sir Kenneth Keith, chairman of Rolls-Royce, the government-owned air engine manufacturer, counter-attacked yesterday after ministerial criticism of the recent £8 a week pay settlement in Scotland.

Pressure to settle the strike had come from all the company's customers. Sir Keith said: "The Government had been kept continuously informed about the state of the negotiation."

"They knew our intention to settle and the kind of figure we intended. I thought they accepted the inevitability of us having to settle," he said.

Asked about the social contract, he replied: "We would have preferred to settle within the terms of the contract, but this was clearly not possible. Being realistic, we faced the facts of life. I think the Government should face the facts of life too."

Sir Kenneth is known to be angered at the way in which the Department of Employment publicly criticized the settlement after the event.

Sir Kenneth said the five-week strike had cost the company £50m in lost profits. He was visiting the Hillingdon and East Kilbride factories, where production of engines and spares has returned to normal.

He said: "Provided all goes well from now on, provided productivity rises and production flows without further interruption, I would think we will escape relatively unscathed. But this strike will have had a bad effect on our existing customers, and potential customers."

The strike, which was settled by an £8 across-the-board rise for the 6,000 production workers, had threatened to ground more than 200 airlines and 50 air forces throughout the world.

"They were frightened they would not be able to keep their aircraft flying. That does not endanger you to your customers," Sir Kenneth pointed out.

There would be no redundancies at the Scottish factories of Rolls-Royce but it was clear that the productivity element in the settlement was vitally important to the division's future, he said.

"No government, no matter what its political complexion, is going to be a party to manufacturing aero engines we cannot sell."

### 120m tons coal target affirmed

By Peter Hill

Rejection of the National Coal Board's proposed incentive earnings scheme had in no way deflected the Government from its commitment to an expansion of the coal industry, Mr Alex Eadie, Parliamentary Under Secretary of State at the Department of Energy, declared yesterday.

"Whether we considered it good or bad, the scheme was freely negotiated and the decision democratically taken. Now it is water under the bridge. Now is the time for new initiatives," he told delegates to a fuel policy conference organized by the Scottish TUC in Perth.

Welcoming the miners' pledge to lift output and improve productivity so as to meet the target of 120 million tons of coal by next April, Mr Eadie dismissed suggestions that the Government was going to allow productive pit closures to take place.

The investment programme would mean that faces and pits which might have closed naturally because of technical constraints would now have a new lease of life.

### GEC loses key appeal on profits assessment

By Business News Staff

No further legal action by the General Electric Co now appears likely against the Price Commission over interpretation of the Pay and Prices Code.

In the Appeal Court yesterday the company lost an important appeal when it was held that the commission had been right in deciding that GEC's net profit for the purpose of establishing a reference under the anti-inflation legislation included income from investments and deposits.

The judges overruled a decision of Mr Justice Mocatta in the High Court that such income should be disregarded in determining the net profit margin.

Mr Kenneth Bond, deputy managing director of GEC, said last night: "My first reaction is I don't think we will pursue it any further through the courts."

The company's aim now would be to use the forum of the consultative document on the Prices Code, at present under discussion.

The legal proceedings were started because the Price Commission's decision on net profits was blocking the company from raising prices to the extent it deemed necessary.

The company was refused leave to appeal to the House of Lords.

### French trade gap £124m in October

From Charles Hargrove

Paris, Nov 22

France's balance of trade deficit for the month of October, without allowances for seasonal variations amounted to 1,350m francs (about £124m), M Fourcade, Minister of Finance, told the Senate in the budget debate this afternoon.

For the first 10 months of this year the total deficit amounts to 16,400m francs. The Minister emphasized the improvement that this implied. Originally the government had forecast a deficit of 23,000m francs for the whole year. It will be in the region of 20,000m francs.

These figures compare with a deficit of 1,479m francs in September. Exports amounted to 19,500m francs, and imports to 20,800m francs. The comparable figures for September were respectively 18,009m francs and 19,488m francs.

M Fourcade said he was satisfied about the fall in raw material prices, and looked for only a very small rise, or a stabilization in oil prices next year.

Italian deficit widens: Italy's payments deficit for the first eight months widened to 2,694,000m (over £1,800m) from 359,900m lire a year earlier.

Law Report, page 24

### 100m aid for TriStar production

From Fred Emery

Washington, Nov 22

A revised agreement for the Lockheed Aircraft Corporation through \$100m investment by Textron and restructuring of Lockheed's massive bank debt was announced today by the two companies.

is subject to a number of conditions before submission to shareholders of both companies. Textron's involvement is critical importance to Rolls-Royce, the production line which is the hinge of the

Textron's dissatisfaction with Lockheed's accounting procedures had held up the deal whereby Textron had much of Lockheed's privatization. The deal had been scheduled for the end of month.

principal change is that Textron has relinquished its agreement that TriStar firmers be increased to 180 firms. Now a specific number has been left out—instead the arrangement is that Textron will be in the opinion of the Lockheed bank to bring the expected deliveries over next three years to a level gives reasonable expectation of continuity of the production line.

his is retained at 300 firms, of which 97 will be sold by the end of the year, with firm orders likely for more.

Under the terms Textron will acquire 46.8 per cent of Lockheed common shares standing, as originally proposed.

### Bonn 'five wise men' urge float for mark

Bonn, Nov 22—West Germany's five-man board of economic advisers today recommended that the mark should be allowed to float upward unhindered.

In its yearly report, the board, known popularly as the "five wise men", said: "From a currency policy point of view it is necessary to take a back position of not opposing for the Deutsche mark a correct market value which takes into account continuing (German) stabilization and the persistent inflation abroad."

The board said it would not conflict with the need for prudent monetary policy "if a strongly high valuation of the Deutsche mark resulted in a strong reduction of domestic interest rates."

Other main points in the report included: The 1974 wage agreements raised employers' costs to a point that reduced investment plans and increased unemployment.

In new negotiations unions and employers must ease the squeeze on investment. Monetary policy in 1974 was kept very tight to fight inflation. A small, carefully measured easing is indicated.

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### Grimshawe licence renewed after inquiry

Mr Peter Grimshawe, former chairman and managing director of Leeds-based investment banking and industrial concern Grimshawe Holdings, who was severely censured by the Takeover Panel earlier this year, yesterday confirmed that the Department of Trade has renewed his licence to deal in securities despite a Panel recommendation to withdraw it.

Last January the Panel Appeal Committee, in the absence of Mr Grimshawe, concluded that market sales in Gale Lister by his financial advisers, P. R. Grimshawe, at the time of an agreed merger with Mount Charlotte Investments constituted a grave breach of the City Code.

Mr Grimshawe said yesterday the Department's recent tripartite committee hearing was "really not an effective appeal."

The FT index closed 1.4 down at 168.5, its lowest since April 1973, while a fall of 0.89 left the Times index at 66.02.

Bear closing lifted Beecham Group shares to 115p, but the shadow of the group's interim statement continued to hang over the rest of the market.

ICI fell to 122p as the City waited apprehensively for Thursday's report on third-quarter trading. Lower bullion prices brought profit-taking in gold shares.

Investor's Week, page 21

### La Roche wins stay of Berlin cartel order

By Malcolm Brown

Hoffmann-La Roche, the Swiss-based multinational drugs group, yesterday won a limited but significant victory in the battle being waged with the German cartel authority over drug pricing.

The Kammergericht, the highest court in Berlin, ruled that a West German Cartel Office order requiring the group's German subsidiary to cut the prices of the controversial tranquilizers Librium and Valium from January 1, 1975, should not come into effect at that date.

Roche, whose British affiliate, resumes its court battle against the British Government's price cuts order on Monday, had been ordered to reduce German prices of Librium and Valium by 35 per cent and 40 per cent.

The group's victory is strictly limited—the issue being whether it should be obliged to execute the order on January 1, 1975, should the court later not, the Kammergericht raised major doubts about the substance of the Cartel Office order.

The court ruled that immediate effect of the order of the office's decision was not required in the public interest.

Giving the ruling that the group need not cut its prices on January 1, the court threw doubt on three critical areas of the Cartel Office's case.

First, it questioned whether Roche's position in the German tranquilizer market was based on excessive market power—the Cartel Office argued that it had abused a dominant market position—or was merely based

on the structural peculiarities of the German market.

The court also said that it was not clear whether enough consideration had been given to the structural differences in the markets Great Britain and Germany which were used for comparison with the German market.

Finally, the Kammergericht questioned whether the cost calculations made by the Cartel Office, particularly where referred to Italian prices and costs, were a valid basis for proceedings.

The final outcome of the Roche case in Germany could have far reaching effects both for the company and the Cartel Office.

If Roche loses it could find itself facing a further barrage of price cut demands around the world. If the Cartel Office fails to win the Roche case the whole bedrock of its efforts to bring down drug prices industry into line could be seriously damaged.

The German ruling comes only three days before Roche enters the High Court in London for striking out proceedings initiated by the Crown in the case in which Roche is suing the Department of Industry and the chairman of the Monopolies Commission.

Senior officials at the group's Basle headquarters last night were clearly delighted by the German court's observations on the case presented by the Cartel Office.

They believe these are a significant pointer to the outcome of the main case, expected next summer, in which Roche will challenge the whole substance of the order.

### 17 1/2 pc more on CU car premiums

Commercial Union Assurance is to increase its private motor insurance premium rates by 17 1/2 per cent from February 1 next year. The move, which will affect some 600,000 motorists, has been approved by the Department of Trade. Existing policyholders will not feel the full impact, however, until August 1, 1975.

Earlier this year Commercial Union introduced a 5 per cent rebate in order to pass on to its policyholders the benefit of its improved underwriting experience on motor business.

The rebate will run for a full 12 months so that motorists who renew their policies between February 1 and July 31 next year will pay a net increase of only 12 1/2 per cent. The reason for the increase is the spiralling cost of claims due to inflation.

Triumph strikers go back pending talks

British Leyland management and union representatives are to renew attempts on Monday to resolve disputes which have led to two-week strikes in the Triumph plants of Coventry and Liverpool. Control room strikers at Coventry have agreed to return on Monday for fresh negotiations. Some 4,300 production men can now be recalled.

In Liverpool, striking paint shop workers will also return for further negotiations on Monday.

Dockers' 25 pc claim

Talks on a big pay claim for 7,500 London dockers were adjourned yesterday until next Tuesday. It is understood that the men want a guaranteed minimum wage of £60 a week—an increase of about 25 per cent. At present they get £44.21 plus £4.40 in threshold payments.

ATT withdraws issue

American Telephone & Telegraph Co said yesterday it was withdrawing the \$600m debt issue scheduled to be closed on November 26. The decision was made because of unsettled market conditions.

Brokers' merger talks

Stock jobbers Risgood, Bishop and Co. and Berger and Gosschalk said last night they were holding exploratory discussions which might lead to a merger.

Advice to builders

Mr Anthony Croeland, Secretary of State for the Environment, yesterday urged builders to concentrate more on low-priced houses for first-time buyers.

### Scottish Equitable have had 140 years to introduce a new Unit Trust.

#### So why choose a time like this to do it?

Just because the Stock Market looks gloomy, it doesn't mean it's the end of the world for the investor. In fact for many, it could be the beginning—because this month, Scottish Equitable launch a new Unit Trust.

We're the first Scottish life assurance company to take the step—and at first glance it may seem that we've chosen a strange time.

But look more closely, and you'll see that if you buy now, while the market is depressed, you'll get more shares for your money than you would have done with the prices prevailing a year ago, and have a chance of very worthwhile capital appreciation in any future market recovery.

The price of Units and the income from them may go down as well as up.

We believe that an investment now in this new Unit Trust will be rewarding over a period of years. Remember, Scottish Equitable have had more than 140 years' experience of looking after policyholders' money, through booms, recessions and depressions.

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Not applicable to Eire \_\_\_\_\_

### Low the markets moved

The Times Index: 66.02 - 0.89

FT index: 168.5 - 1.4

THE POUND

Bank buys Bank sells

Australia 5 8.22 1.77

Austria Sch 42.00 41.00

Belgium Fr 90.00 87.25

Canada \$ 2.345 2.285

Denmark Kr 13.90 13.50

Finland Mk 15.85 15.50

France Fr 11.10 10.80

Germany DM 5.95 5.75

Greece Dr 72.50 70.50

Hongkong \$ 12.00 11.55

Italy L 1640.00 1590.00

Japan Yn 725.00 700.00

Netherlands Gld 6.15 5.95

Norway Kr 12.85 12.50

Portugal Esc 60.50 58.00

S Africa Rd 1.77 1.71

Spain Pes 135.50 131.50

Sweden Kr 10.25 9.95

Switzerland Fr 6.70 6.45

US \$ 2.37 2.32

Yugoslavia Ddr 43.00 40.75

Bank buys Bank sells

Australia 5 8.22 1.77

Austria Sch 42.00 41.00

Belgium Fr 90.00 87.25

Canada \$ 2.345 2.285

Denmark Kr 13.90 13.50

Finland Mk 15.85 15.50

France Fr 11.10 10.80



## PERSONAL INVESTMENT AND FINANCE

## Grouse

In business generally too many mistakes occur and too often the perpetrators do not take speedy action to put them right. It looks, however, as if increasingly, deliberate sharp practice is being passed off as a mistake.

Let's take motor insurance—a highly price-sensitive and emotive subject. Each year with motor insurance there is far more movement from one insurer to another in search of a lower premium than there is in any other class of business.

It stands to reason, therefore, that the insurance brokers which advertise really low premiums receive plenty of inquiries. And here it must be added that no qualifications are necessary to set up as an insurance broker.

Anybody can call himself a broker, which, naturally, rather upsets those who maintain the highest standards.

The broker may offer an actively low quotation, the motorist accepts and sends a cheque. In return, he receives a temporary cover note. When that expires, probably a further cover note is sent, rather than the certificate of insurance which applies for months. Even a third cover note may be sent.

Then a letter is received from the broker saying that the insurers require more premium—perhaps an extra £10 or £20—which, of course, takes away from the original quotation. Unfortunately, a motorist cannot side-step that demand; to a great extent, he is trapped.

To cancel the insurance at that stage will be expensive because the insurers will charge premium at short period rates for the time on risk.

On the other hand, if the motorist refuses to pay any more, the broker simply stops sending further cover notes and the motorist is left without any evidence of cover.

Where a mistake is perfectly genuine, a broker may be prepared to stand by the lower figure (meeting the difference himself) for the first year. Or there may be a compromise with the insurers so that, at least, a *pro rata* charge is made for the time on risk.

But this kind of "deliberate" mistake, often attributable to an error on the part of the broker, or the imposition of special terms by the underwriter, will not bring anybody to the rescue.

This practice must be stopped. One hopes that if an insurer received a number of complaints about a particular broker, it would cancel that broker's agency. But, with the promises of a good volume of business probably the "broker" could obtain agencies with other insurers.

No doubt one of the recognized broking organizations would expel a member for this type of conduct. But one hopes that their standards are sufficiently high to prevent such a person becoming a member in the first place.

Somewhat, the insurance industry must tackle this problem before it becomes worse. After all, there are thousands of brokers outside membership of the recognized bodies.

## Legal snags for the liquidator

Receivership and liquidation are probably the most esoteric area of the accountancy profession. They are likely to become a great deal less esoteric in the eyes of the public, however, as the industrial cash crisis becomes acute in the fast approaching tax gathering season.

Already the High Court is flooded with winding-up petitions and the small band of experts who handle the bulk of the larger insolvencies are working under great pressure.

The popular view of a receiver or liquidator is that he is little more than a financial undertaker. The idea is probably wide of the mark. A good receiver always undertakes the job in the hope that he will be able to salvage as much of the business as possible and maintain what he can as a going concern.

Even when the business is put into liquidation, the skilled expert makes the best of a bad job, steering a difficult

course between a number of conflicting interests.

That course is made smoother by the nature of the existing legislation on receivership and liquidation, which is among the most flexible in the world. In recent months, however, some areas of the law have begun to look increasingly shaky.

At one extreme there is the case of Nation Life Insurance, the troubled life insurance arm of the failed Stern group. This week two members of the committee of inspection supervising the liquidation of the company resigned.

If there is any single explanation for their departure, it is frustration at the intractable complexity of Nation Life's legal position. The company has been excluded from the Government's new rescue apparatus for the life assurance industry. Yet the existing insurance legislation contains inadequate guidance on how the liquidation should be handled.

At the other end of the scale are the changing political and

business climate and the effect of inflation. The accountancy profession has become increasingly worried at the low level of dividends received by unsecured creditors in liquidations because of the high claims of preferential creditors, notably the Crown.

The Crown has a preferential claim on liquidation in respect of rates and purchase tax payable by the company in the 12 months before the start of the liquidation; a year's corporation tax, with the right to choose which year; 12 months accrued national insurance contributions; and 12 months PAYE.

What particularly concerns the accountants now, however, is the way the Government may preferential claims under the new Employment Bill.

The intentions of the Bill, which aims to set up a fund out of which redundancy payments can be paid to the work-force of companies in receivership or liquidation, are entirely laudable. The existing law allows

a preferential claim to a clerk, servant or workman for wages or salary due over the past four months, but the amount is limited to £200 per claimant, which looks ludicrous in the light of today's money values.

There are fears, however, that where the Government is owed money by the company, it may enhance its position by making offsets. That would have the effect of reducing the dividend to other unsecured creditors, a point that some bankers find disturbing.

That is not the only instance in which the Government has been giving the accountants cause for concern. The increase in the number of working poses new and difficult problems, which have been brought into focus by the muddle over the Meriden Cooperative.

There, an early promise of government support and money ran into opposition from the workers at Norton Villiers Triumphant who understandably saw a threat to their own posi-

tion in the establishment of a competing manufacturer.

The danger from the receiver's point of view has nothing to do with the politics of the situation. It is simply that once a company has become insolvent, he must have immediate control if there is to be any hope of salvaging the business.

Three months of deliberations on the part of the Department of Industry could effectively kill any hopes of survival in any form. The delay, however understandable, is certainly less than fair to the members of the cooperative.

Those are just a few of the problems that beset the receiver and liquidator. Others will inevitably come to light in the near future. For, if any prediction can be made about the economy in 1975 with absolute certainty, it is that the receivers and liquidators will be doing more business than at any time since the war.

John Plender

## Pensions

## Representing your rights

Pension schemes are run for the benefit of their members. The days are long past when they were considered to be arrangements for the benefit of the employer, enabling him to recruit and retain staff.

Social attitudes have changed and pension provision is now generally looked upon as a form of remuneration. The only difference between pay and pension is that pension is a promise for the future.

The consequence of this difference is that the employer normally puts aside money in his pension scheme which is paying it out to his employees immediately.

This is the thinking behind the two subjects I have discussed recently—solvency and disclosure of information about schemes. In this sense, it is the employee's money which is in question, and it is right that it should be kept safe for them and that they should be told where it is put and what is happening to it.

This is extended, in some people's minds, to justify active participation by members of pension schemes in the running of their schemes.

The problem is the third question to be referred by Barbara Castle to the Occupational Pensions Board for its advice. I have suggested that the areas of solvency and disclosure justify action in future legislation, although with considerable caution to avoid harming—unintentionally—the interests of members.

It is quite likely that the Occupational Pensions Board will advise the Secretary of State to do something, although they may recommend more action or more caution than my own suggestions. To judge from past attitudes, Mrs. Castle and her colleagues are likely to accept this sort of advice with enthusiasm—perhaps too much enthusiasm.

It could happen, too, that the

board will recommend the introduction of legislation to enforce representation of members on the governing bodies of their pension schemes and, again, the general approach of the present Government to similar problems in this area suggests that they may be thinking along these lines already.

There is, however, very little justification for any statutory requirement in this area. The idea is that, because it is the members' money, they should control, or influence, the manner in which it is invested and therefore take part in running the scheme. This attitude is based on a number of misconceptions.

The most important fallacy arises from the confusion between the rights to know what is going on, and the right to control or influence it. I suggested last time that a member has a right to know what is being done with his money. It is likely to be contrary to the interests of the members, however, if they are asked to run the investment policy of the scheme.

How many scheme members are experts in investment? For that matter, how many, if they had some savings of their own, would go round to a stockbroker to invest the money, rather than put the money in a unit trust or some similar arrangement? The interests of the scheme members are best served by having the best available investment advice, and then leaving the advisers to get on with the job.

The questionnaire sent out by the Occupational Pensions Board indicates that the board, at least, are aware of this point, for they ask for views on the sort of training which it would be appropriate for member representatives to undergo. The truth is, of course, that no training which could possibly be made available in these circumstances could properly fit a layman for

the responsibilities of investment.

It may well be said that the majority of trustees or members of management committees are equally lacking in investment training and experience. This is quite true, but in most schemes with this sort of structure the trustees or members are largely left to the experts.

The whole point of proposing that member representatives should sit on management committees or similar bodies is—as far as one can tell—that the money belongs to the members and they should have a say in the way in which it is invested.

What other objective could there be? I have seen references to the way in which the money is spent: if this means what it says, it is based on another misconception of the way in which the money is spent. The normal rules, in all schemes, laying down strictly the rights of the members. There is normally no question of deciding how to spend money.

There is an exception in the provision, under the rules of most schemes, that benefits may be increased above the normal scale. In almost all cases, the cost of such extra benefits falls on the employer.

The device enables the employer to increase this element of a particular employee's remuneration just as he may wish to increase the salary or bonus of a particular individual. It is quite inappropriate that the members should have a hand in spending the employer's money.

The only circumstance in which the members might reasonably have some influence of this nature is where the scheme produces a surplus, and the question arises of reducing the employer's contributions (which may have been excessively high to clear a previous deficit, for example) or increasing the benefits.

This is an area where the provision of information is a more appropriate way of dealing with the problem than direct representation of members on the managing body.

If the periodic report of the actuary had to be filed with the Occupational Pensions Board for inspection on request by scheme members and the public, an informed, impartial view would be available to influence the course of events. Quite apart from all these considerations, in practice, the management structure of schemes varies so widely that compulsory representation is just not practicable. Some large schemes (and small ones, too) have a single corporate trustee who is quite independent of both employer and member.

There is a lot to be said for this—and it would be quite wrong to try to introduce member representation to a scheme of this sort. Many large schemes have had to be run by a committee of management, the responsibilities of the trustees being primarily fiduciary and the management committee dealing rather with day-to-day matters.

To fit member representation into this wide range would be quite impossible. One of the most important jobs of the Occupational Pensions Board (one not mentioned in the Social Security Act) is to educate politicians in the complex problems surrounding pension schemes. The question of member representation will provide them with a worthwhile challenge to their ability.

Eric Brunet

## Insurance

## Applying the test of health

If you want life assurance, you may very well get the policy you need without having to undergo a medical examination. Except for very large sums assured, some life offices only ask for a medical if, for one reason or another, there is something more which they would like to know about your health.

Even then, provided you do not have a serious health problem, it is quite likely that you will be accepted as a first-class life at the normal premium. Most offices reckon to accept between 90 and 95 per cent of their proposals on normal terms.

Very few people get turned down altogether on health grounds.

If you have a health problem—whether quite slight, or of more serious proportions—there are some basic points to bear in mind. Firstly, do not try to "shop around" among insurance companies on your own. The attitude of different companies varies quite widely. If one company wants to impose special terms, you will have to give this information to any other company you approach.

Secondly, if you are put yourself in the hands of a responsible insurance broker, he should know which office will be best for you and you may be quoted normal terms by that company.

Of course, these terms are unlikely to be the best obtainable in the market for a first-class life; but the more competitive offices (in terms of premium) have to take a stricter line with health and this would not accept you on their normal terms.

It is, of course, important to pick the right kind of policy. If you have some kind of impairment, insurance companies generally reckon that the adverse effect is likely to increase with age—whether you are a diabetic, have high blood pressure, are overweight, or have a chest or heart condition.

This means that you are likely to do better with an endowment policy with a maturity date at a reasonable age than a whole life policy. As an example, let's take the case of a man of 40. If he is in good health, the statistical tables say that on average, he is likely to live to the age of 73 or so. If, however, he has a health impairment which justifies a life office treating him as 10 years older than his real age, the life office would think of him living only to the age of 63.

Rather than pay heavily for a whole life policy, probably it would be better to take an endowment policy maturing at the age of 60 or 65.

For many people with impairment, the kind of policy, rather than the company, is often to have cover up until say, retirement. It is probably not the risk of dying a few years earlier than normal as a result of the impairment which is really feared. Probably it is protection for death over a particular period, from some cause quite unconnected with the impairment, which is needed.

With term assurance, family income benefits and the like, premium rates are highly competitive since it is only the risk of death which is being covered. Underwriting has to

be strict and so do not worry if you are rated up.

You might, for instance, be quite concerned if a life office wants to charge you double the normal rate for a term assurance. But the position does not look so grim if the company's normal rates are calculated on the basis that no more than two out of every 100 people will die over the term.

Even with a doubled premium rate, it is only four out of 100, which gives you odds of 24 to one against dying during the period of the policy.

It is not, therefore, only the health impairment which affects the premium, but also the type of policy and the period for which it will run.

It is generally accepted that anybody who is overweight is reducing his life expectancy and thus may have to pay a higher premium than normal for life assurance. But life offices now allow a good deal of latitude.

For instance, most offices have "standard" weights for given heights. And, in this country, they often obligingly take into account one's age as well, on the assumption that weight increases with age.

Certainly, a man who is heavy mainly because of large bones and muscle and whose blood pressure is satisfactory is likely to be regarded more favourably.

Anyone who suffers from mild to moderate bronchitis or asthma (without other complications) may be able to obtain an endowment or more or less normal terms, whereas probably the premium would be increased for a whole life policy.

If the condition is severe, an endowment policy should be obtainable on special terms, but the terms would be very strict for a whole life policy.

Life offices make the point that, while there is a continuing improvement in the attitude towards many impaired lives because of increased medical knowledge, new drugs and surgical procedures, there is no doubt that the ultimate long-term effects of some of the drugs

are still uncertain. If the dosage is high or the treatment is long-term, a life insurance company will take into account the risks involved.

A much less serious view is taken of ulcers than in the past. If, for instance, there have been no symptoms for the past three years or so, normal premium rates might be charged.

If that period of time has now elapsed, there might be a modest increase for the first few years, after which the premium might drop back to normal.

For the chronic ulcer cases, where there is fairly constant rumbling, a life office is likely to charge a higher premium, perhaps only for the first few years. If surgical treatment has been undertaken, and it appears to have been successful, there should be an extra premium charged for, say, the first five years after the operation.

A subsequent article will discuss the attitude of life offices towards rather more serious impairments.

John Drummond

## Investor's Week

## Beecham's pill or Lonrho Kuwaitis

Those City pundits who were arguing that the stock market now hit the floor were made to think again on Wednesday. Disappointing news from Beecham Group and some others put ordinary shares back to fresh lows. In terms simply of market indices, these first indications of what lies ahead in the UK Kingdom outweighed such world factors as the setback on 7 Street or even the signs of stress in the world currency market.

No doubt there will be further unsettling news from industry in the weeks ahead. The next hurdle comes on Thursday when ICI reports on its third quarter. With the United Kingdom's outlook unsettled, the share market has no obvious attractions yet, but the technical position is such that institutional investors buying could bring about a sharp rise. When that will happen is still anybody's guess.

One of the few firm market spots in recent weeks has been Lonrho, partly owing to the sugar price which seems to reach a peak, but more recently because of the Kuwaiti involvement. A few of the petrodollars have been invested in the purchase of eight million shares at a price of just over 76p, which places a useful base under the share price.

The market is expecting Lonrho to announce pre-tax profits around the £45m level for the year to September this year, with more to come in the current year. The problem now is how to equate in market terms the Middle East stake, amounting to about 14 per cent of the equity, against a new total absence of United Kingdom institutional support.

Certainly, with sugar likely to remain firm for the next eight months and until the first estimates of the 1975 European beet harvest arrive, and also with an increasing cash flow from the gold interests, Lonrho should be able to ride the market better than most.

But it would be helpful if Lonrho was to give some positive indication as to its objectives in the Middle East and North Africa with the preliminary figures due on December 10, rather than wait for the full report. Meanwhile shareholders should obviously retain their investment irrespective of the fact that the Department of Trade has still to produce its report on Lonrho after the bitter boardroom dispute last year.

## Bill Taylor's first gamble

Buy equities now? Bill Taylor was musing midweek as the index appeared to fall inexorably to new depths. It seemed that his "double or quits" policy on his £5,000 of risk capital could end up with the account very much on the latter.

But then he began to consider the opportunities for the brave souls who may latch on to stocks which would provide stability in terms of the share price, a running yield roughly sufficient to combat inflation and yet be among the leaders when the economy does begin to revive. And even in these markets there are shares held down artificially by extraneous non-trading factors, which, if removed, could lead to a useful short-term capital gain.

The news during the week that London Australian and General was being restructured after the property debacle prompted Bill to look at some of the other Jessel affairs, and by good luck the Johnson & Firth Brown accounts came to hand.

One of the salient Jessel factors here is that the investment in Jessel itself, worth £1.1m at book value, has been completely written off as part of the overall £3m provision against the general market decline. The other is outside the accounts. It is likely that the Jessel stake in JFR amounting to 34.8 per cent and worth £5.6m at present, will be placed within the next couple of months with the institutions, thus removing the uncertainty.

Such a move in more normal times might well be expected to raise the starting gate on a bid scramble for a highly desirable property, although any takeover bid for JFR would not only require the blessing of the Office of Fair Trading, but probably Brussels, too, and even the unions.

Bill, however, is prepared to rate the takeover possibility as more than an outside chance and reckons that the group has interesting possibilities on pure and simple trading grounds.

Henry Thornton, meanwhile, has bought himself £2,360 Treasury 9 per cent 1980, paying £84 5/16. With costs, including VAT, amounting to £11.40, the deal has set him back by just under £2,000.



Lonrho's architect, "Tiny" Rowland.

Admittedly, there is a pretty element which broom £578,000 of the £1.6m of profits in the year to end, but this is likely to be relatively soon for some around the £2,500,000 mark will be a useful contributory cash flow, which is run at a rate of about £10m, help the Chancellor's stock option measure (worth £1,500,000), while better will further unwind as lower copper price work way through.

But the fun lies in the overall performance of the almost certain to emerge, by the special steels, capacity which can increase the 100,000-ton level, demand here is still enormous with order books stretch three years ahead, a large saluting factor is built in the current year.

Also, while bought-in supplies are becoming easier find and at lower prices, is largely using the EEC rather than the domestic pricing structure to its own good ends.

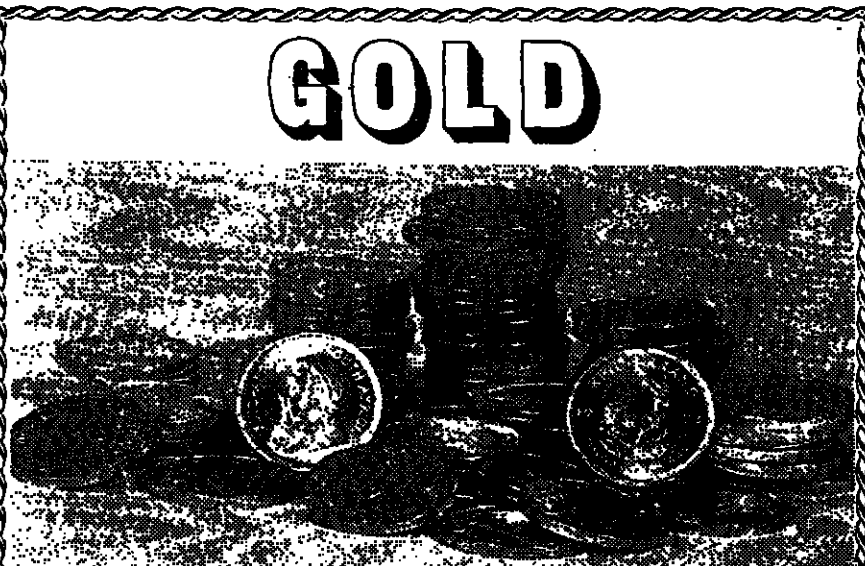
Bill also wondered when the sale of the private steel producer was about become more integrated on a national basis. Certainly, looked to be in a good strategic position on this score, v trade investments in its 4 producers which could well course lead to rationalisation product range and technology.

So here was his first investment—company where, pre-tax total this year, rise is usually above £7.2m, time to about the £10m level sustained by a yield of 151 per cent historic and 171 per cent current, with the share around 31p.

Hoping to be ahead of the game he will telephone broker on Monday and buy 15 shares. He notes in his diary to give his bank seven days' notice of withdrawal of £5 from deposit account on December 17—settlement day.

Statistics supplied by Money Management and Unitholder, 30 Finsbury Square, London, EC2.

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## Unit trusts performance

UNIT TRUSTS: Growth and Specialist Funds (progress this year and in the past three years). Unitholder Index, 1050.0; fall from December 31, 1973: 32.7.

GROWTH	Hambro Accum	—35.8	—
Unicorn Prof M	—2.7	—	—
Brands Capital	—18.4	—	—
Target Clarendon F	—16.0	—23.5	—
New Court Small Cos	—16.5	—	—
Slater Walker Cap	—17.2	—19.8	—
New Court Equity	—18.2	—23.7	—
Slater Walker Star	—21.4	—	—
Oceanic Perf	—34.1	—	—
British Life Opport	—23.1	—31.4	—
National Shield	—23.5	—24.2	—
Slater Walker Prof	—23.9	—	—
Griffiths Growth	—24.0	—25.3	—
First Nat Growth	—25.4	—22.8	—
Stockholders F	—25.5	—33.2	—
Oceanic Prog	—26.4	—38.7	—
M & G Compound	—26.6	—20.2	—
Bridge Capital	—27.8	—43.0	—
Hambro Smaller Sec	—28.3	—	—
National West Cap	—29.1	—37.3	—
Coyne Growth	—30.7	—40.8	—
M & G Recovery	—31.1	—7.6	—
Brit Life Cap	—31.2	—47.2	—
M & G Conv Pro	—31.3	—	—
Vers Pers Philo	—31.4	—2.3	—
Unicorn Recovery	—32.0	—37.8	—
S & P Growth	—32.9	—14.7	—
Morgan Gren Inv	—35.2	—38.4	—
Oceanic Recovery	—35.4	—42.3	—

Slater Walker Fin	-4.9	8.2	National Universal	-26.2	-30.6	North American	-34.5
Hill Samuel Dollar	-5.8	—	Rowan International	-26.2	—	Abbey Investment	-34.7
Nat Natural Res	-6.1	—	Australian	-26.3	—	Jessel Investment	-34.9
Drayton Inter	-6.4	-5.9	Hill Samuel Fin	-26.4	—	Nat Investment	-36.5
Gartmore Overseas	-9.8	—	London Wall Int	-28.4	-39.5	Key Private	-37.5
S & P Japan Gro	-12.4	16.7	Bishopsgate Int F	-26.7	-23.4	Bank Overseas	-37.5
Mutual Minerals	-13.4	—	Global	-26.7	-13.3	M & G Investment	-37.8
Charter Euro	-13.5	—	M & G European	-26.8	—	Vavasseur ITU	-38.5
S & P Ebor Com	-15.4	23.6	Abacus Arbuth Int	-27.0	—	S & P ITU	-39.0
Oceanic Overseas	-15.7	-0.7	National Gas	-27.0	-27.5	S & P Financial	-39.2
S & P European	-18.0	2.1	Jessel Australian	-27.1	—	Oceanic Investment	-39.9
Security Select F	-18.1	—	Vav Financial	-27.8	-23.5	Jessel New Issue	-40.2
Ionian Foreign M	-18.5	—	S & P US Gro	-27.8	-39.5	S & P Ebor Prop	-41.3
Target Inter	-18.5	—	Vav Oil & Res	-28.0	—	Target Financial	-41.3
Vav N American	-18.5	—	Drayton Fins	-28.9	-37.3	Jascot North Sea	-41.9
Hill Samuel Int	-18.8	-11.4	Jessel Plantation	-29.3	-9.6	Target Financial	-42.0
Jacot Commod	-19.3	-10.3	Alised Hambro Int	-29.7	—	Unicorn Financial	-43.3
Jacot Preference	-20.1	—	Schroder Euro	-29.9	-7.4	Stewart American	-44.5
New Court Int	-20.1	—	Charterhouse Fit	-30.1	—	Jessel Property	-44.8
Oceanic Financial	-20.3	-35.2	S & P Ebor Univ	-30.3	2.3	Jessel Property	-45.2
M & G Australasian	-21.2	—	Credit Inter	-30.6	—	Cit Watch Over M	-46.7
Slater Walker Assets	-21.3	-23.0	S & P Ebor Energy	-31.2	-30.8	S & P Scotiab	-46.7
IL Int Consumer	-21.7	-26.7	Nat West Fin	-31.5	-35.1	M & C Far East	-47.4
Jacot Prof	-22.1	-26.8	M & G American	-32.0	—	Jessel American	-47.4
Target Inter	-22.1	—	Practical	-32.1	-48.4	Tallman Inter	-48.5
Vav Euro	-22.5	—	Charterhouse Inter	-32.1	-53.3	Jacot Fin & Prop	-51.9
London & Brussels	-23.3	—	Vav Far East	-33.8	—	Financial Priority	-52.4
IL N American	-23.4	-28.7	Target Invest	-34.3	-50.2		
Secs of America	-23.5	—					
Unicorn Australia	-24.5	23.5	A : Change since December 31, 1973 : income excluded after 10 years				
Unicorn Worldwide	-25.2	—	B : Change over three years to November 21, 1974 : income incl				
Granchester	-25.4	-30.9	C : Offer to bid.				
Vavasseur Inter	-25.5	-18.2	M : Trust valued monthly.				
Jessel Commod	-25.7	1.4	F : Trust valued every two weeks				
			Statistics supplied by Money Management and Linthorpe.				



## Streeters omit interim after loss

Shareholders of the public works group, Streeters of Godalming, are not being paid an interim dividend this year, against 1.42p a year ago. This follows a loss of £493,000 for the half year to June 30, compared with a profit of £208,000 on sales down 11m to £2.9m.

On the brighter side, the board does expect to pay a final dividend of 1.04p against 1.01p if the present trend continues. The group has traded profitably during the second half and the liquid position is strong. The board believes the interim loss will not diminish future prospects.

The loss was attributable to inflation and government cutbacks on public works. The first half loss was £493,000, compared with a profit of £208,000 in the second half. The group's order book, leading in turn to a 60 per cent fall in turnover and a big shortfall in the recovery of overheads and the under-utilization of plant.

In the second half, some of the delays on contracts have been lifted and new contracts have been secured. Confirmation is awaited of a number of contracts worth a total of £4m, where tenders have been accepted.

## Gen Mining buy 1m Union Corp

General Mining has increased its stake, including the holdings of its two associates, to over 23 per cent of the Union Corporation equity following the purchase of over 1m shares yesterday through W. Greenwell, brokers.

While the details will be announced officially on Monday, it is thought the shares were bought at prices below the 65.92p bid on Wednesday, writes our Mining Correspondent.

It is felt that GM may have further purchases in mind with an eventual target of just under 30 per cent of the shares.

There is now a major question mark over whether Gold Fields will return and raise its present offer which runs until January 25.

UC shares rose 17p to 443p yesterday.

**Hutchinson denial**

Hongkong, Nov 22.—Mr James Selwyn, Hongkong Securities commissioner, said today there was absolutely no truth in a rumour here that shares of Hutchinson International were to be suspended, or that an official investigator of the company's affairs was to be appointed. Hutchinson shares fell sharply today.—Reuter.

**Hudson's Bay up 11 pc**

In the nine months to October 31 net earnings of Hudson's Bay Company rose 11 per cent to \$6.63m (£2.88m). But some

**Wormalds Walker omits interim**

Reduced demand in some sectors and a continued labour shortage in other areas has meant that Wormalds Walker & Atkinson's woolen textile group have fallen short of budget and reached only £24,000, against £29,000 last year. This also reflects the provision made in the valuation of stocks, which the board considers prudent in view of the fall in raw material values. There is no interim dividend. 0.62p a year ago. Turnover rose from £2.8m to £3.07m.

**CATL TRUST**

At extraordinary meeting resolution covering acquisition by Catel of entire issued share capital of Catel Britannia group was defeated.

**ALFRED WALKER**

In six months to June 30 turnover £1.7m (£1.99m) and profit £111,000 (£178,000). Trading shows marked improvement on early months.

\* Agency correction.

Latest dividends

Company	Dividend	Year	Pay date	Prev year
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99
Anglo-Bat (10p)	1.00	1974	Nov 15	0.99

Estimated commencing yield 10%

To meet the widespread demand for an investment which is not solely dependent on the fortunes of the UK economy and its currency, Tyndall are now launching a new unit trust—the Tyndall International Earnings Fund.

This new Fund will be invested in carefully chosen UK based companies which derive a substantial part of their earnings from exports and operations overseas. Such companies should be better insulated against adverse conditions in the UK. And since their earnings are in a range of different currencies they also provide a hedge against changes in currency values.

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By investing in UK based companies with significant overseas earnings, the Tyndall International Earnings Fund will enjoy a world-wide spread of opportunity, whilst avoiding the complications and expense associated with direct investment overseas.

The initial portfolio will be chosen from the following shares:

Australia & New Zealand Bank	English China Clays
Bechams	Guthrie Corporation
Booker McConnell	Imperial Chemical Industries
Booker Corporation	London Tin
British American	Mitchell Cotts
Tobacco	P & O
Callender's Cables	Rank Organisation
British Oxygen	Reckitt & Colman
British Petroleum	Reed International
Brooke Bond	Rio Tinto-Zinc
Burnham Oil	Royal Insurance
Charter Consolidated	Shell Transport and Trading
Commercials Union	Standard & Chartered Bank
Consolidated	Turner & Newall
Goldfields	Unilever
Distillers	
E.M.I.	

Low charges

As with all Tyndall investments, you need to subscribe a minimum of £1,500 and as a result the charges are low—the initial charge is only 2% (1% on any excess over £10,000). This compares with 5% for many unit trusts.

The first offer of units at £1 each will close on 11th December, 1974. There are always advantages in entering a new fund at the beginning. Make certain of your investment by sending off the coupon now to obtain full details and an application form.

Tyndall International Earnings Fund

Tyndall Managers Ltd., 13 Canynge Road, Bristol BS9 7UA.

Please send me full details of the Tyndall International Earnings Fund.

Name \_\_\_\_\_

Address \_\_\_\_\_

T7776

Not applicable to ECU

## No half-year payout by BSG as profits slump by £750,000

By David Mott

Going through its most difficult trading period profits of BSG International (the new style for the Bristol Street Group) slumped from £1.02m to £251,000 in the half to June 30 and the dividend is omitted (1.05p).

The group has been forced to provide over £150,000 to cover a loss from fraud involving "intimidation of staff and arson" at one of its subsidiaries. But all the indications are that the scene is becoming brighter and clearer, though "the road ahead will not be easy".

The decisive factor in the slump was interest which more than doubled from £1.2m to £2.75m and took their toll of a trading profit up from £2.24m to £3m from turnover of £49.9m (39.6m). The attributable loss was £531,000 to £57,000.

Referring to its decision to pass the interim "to finance increased working capital, especially stocks", the board says a final will depend on results and the climate then prevailing. Last term's total was 3.13p.

Given improved supplies and industrial harmony the retail operations should make a good recovery, the board says, and companies will depend on total vehicles production. The trend towards the more expensive inertia seat belts will benefit that part of the business.

## 'Laundries' in farming

Announcing a string of proposed acquisitions following the suspension of dealings a fortnight ago, Provincial Laundries seek to increase its share capital from £250,000 to £5.5m. "Substantial" bank facilities will be available and it is also expected that the board will shortly be re-elected.

The acquisitions involve chiefly Old Park Farm, where a process of artificial insemination produces a purebred calf, plus "something under 10 per cent" of Wadhwa Stringer, an industrial estate in the south of England, and a site in Hove and some 31 acres.

Old Park Farm is based near Cuckfield, Surrey, and has an 800-acre estate which is now fully operative. The work consists of super-ovalating exotic cattle, later implanted into ordinary commercial stock. A heard of Blonde d'Aquitaine cattle (one of the largest in the world) is housed there. A Canadian company, Alberta Purebred Cattle Imports, bought the herd from the previous chairman.

## ADI shares fall on monopolies reference

The share price of ADI International fell by 13p to 51p yesterday following news that the bid for this dental manufacturing group from Dentsply International, a major United States dental manufacturing group, was being referred to the Monopolies and Mergers Commission by the Secretary of State for Prices and Consumer Protection.

One condition of Dentsply's offer, worth about £14m, was no reference to the commission and the other is recommendation by the ADI board. Shareholders have been advised to hold on to their shares.

## Wall Street

New York, Nov 22.—Wall Street stocks were moderately higher early today, but below initial levels. At noon the Dow Jones industrial average was 7.20 up at 615.77.

Yesterday the Dow Jones industrial average fell 1.02 to 608.57, after being down more than five points earlier.

Volume totalled 13,820,000 shares compared with 12,430,000 on Wednesday.

Nov 21	Nov 20	Nov 19	Nov 18	Nov 17
Alcoa	100	100	100	100
Alcoa	100	100	100	100
Alcoa	100	100	100	100
Alcoa	100	100	100	100
Alcoa	100	100	100	100
Alcoa	100	100	100	100
Alcoa	100	100	100	100
Alcoa	100	100	100	100
Alcoa	100	100	100	100
Alcoa	100	100	100	100

## New York silver down 16.50c

New York, Nov 21.—Further declines in silver prices followed today with a resumption of forcing by the longs and short selling by the shorts. Silver futures for December delivery fell 16.50c to 42.50c. Gold futures for December delivery fell 1.00c to 120.00c. Silver futures for March delivery fell 1.00c to 43.00c. Gold futures for March delivery fell 1.00c to 120.00c. Silver futures for June delivery fell 1.00c to 43.50c. Gold futures for June delivery fell 1.00c to 120.00c. Silver futures for September delivery fell 1.00c to 44.00c. Gold futures for September delivery fell 1.00c to 120.00c. Silver futures for December delivery fell 1.00c to 42.50c. Gold futures for December delivery fell 1.00c to 120.00c. Silver futures for March delivery fell 1.00c to 43.00c. Gold futures for March delivery fell 1.00c to 120.00c. Silver futures for June delivery fell 1.00c to 43.50c. Gold futures for June delivery fell 1.00c to 120.00c. Silver futures for September delivery fell 1.00c to 44.00c. Gold futures for September delivery fell 1.00c to 120.00c.

## Development gains: who'll have to pay?

A development gains tax has been in existence since 1968, 1973, we knew about the extent of it. Finance Bill appeared another example of the growing tendency to retrospectively tax a complicated mass of a short life. Denis announced in March that he would include a development gains tax in the 1974 Bill. This was no more an interim measure in the new Government proposals for dealing with development gains. This statement a White Paper, quite simply, published this September, is to be incorporated in a Finance Bill which will have the plans for development gains tax as well as the tax on gains.

It will not be long then we have a "development gains tax" at a flat rate of 30 per cent which, in the White Paper, is the general average for the taxation of companies and individuals and equally to those who own land and those who do.

precise way in which it remains to be seen. It is clear that development land tax will replace the present development gains tax. However, in the meantime, the fact we have development land tax, and the fact that the tax is to be applied to the owners of properties, is a subject which is complex and, as I shall go on to say, it shall set out general guidelines for owners of private land. I shall purposely not quantify the gain, but I shall make it clear that the gain is to be made. I can give you the net is to be professional guidance.

Joel Barnett, the Chief Executive of the National Landlord's Association, said that the new tax should be heavily tax windfalls, that is, large capital gains, which is taxed at 30 per cent, but made because of

a change in the value of the land created by a decision of the community.

To put it another way, the object is to tax at a higher rate that part of the capital gain that can be said to arise from the value of planning permission.

Many private residences will be excluded from the tax by reason of the fact that a development gain can only arise where the transaction is liable to capital gains tax. So the individual's only or main residence is exempt, including, of course, a house that is occupied rent free by a dependent relative.

Similarly, transfers between husband and wife living together will not attract the tax.

Although a second home may be liable to capital gains tax, it will not be a development gain tax. It will be a normal capital gains tax. It will not do so where the individual receives no more than the current use value of the property on a sale.

"Current use value" is, broadly, the market value calculated on the assumption that it is unlawful to carry out any material development of the land.

Having said that, we are left with the 64,000 dollar question: what is "material development"? The basic definition is "the making of any change in the state, nature or use of the land" but there are a number of important exceptions for the owner-occupier.

The maintenance, alteration or enlargement of the house is not material development so long as the cubic content of the original (ascertained by external measurement) is not exceeded by more than one tenth. Nor is the rebuilding of a house, again provided that the cubic content of the original is not exceeded by one tenth.

So the individual who completely knocks down his house and rebuilds it will not be involved with a development gain on a sale at normal market value provided the cubic content of the original is not exceeded by more than one tenth. If the house were to be replaced by a different type of building, for example, a shop, this would not come within the exemption, in other words it would constitute material development.

Vera Di Palma

## first om otish uitable

ish Equitable Life Assurance Society is nothing but a first time unit trust. The unit trust, the first authorized trust to be established by Scottish life assurance any.

trust is offering both income and accumulation units. Contributions to holders of the units will be made twice a year in May and November. The first account period to November, 1975, will be only a single unit. Accumulation units have their share of the income retained in the fund, and as a result, the value of accumulation units will be progressively greater than the value of income units.

The aim of the fund is to provide a balanced portfolio of capital and income concentrating investment on ordinary shares. An investment will be mainly British companies offering a balance of shares, interests overseas and high interest gross yield on the fund. The forecast at around 10 per cent.

though this is the first out of this stable, Scottish life has been managing its holders' funds for some years.

## ★ ★ ★

other newcomer in the unit trust field is the Scottish International Earnings Fund. This will invest in a diversified portfolio of companies which derive a significant proportion of earnings from abroad either through exports or from overseas-based operations. The unit trust will be a combination of capital and income.

Tyndall believes that United Kingdom investors at present are discouraged from doing so by the high level of the investment dollar premium or by the exchange rate risk of back-to-back finance. First subscription day is November 11 and the unit trust will have an estimated gross yield of about 10 per cent. Initial offer price of units will be 100p and the minimum subscription £1,500.

★ ★ ★

Meanwhile Save & Prosper Securities announces that its High Yield Units, for the six months to December 30, is 95p per 100 units, making a total for the six months of 1974. The fund's liquidity was increased to 7.6 per cent of the portfolio during the latest half year, while the offer price fell 2.9 per cent against 35 per cent in the FT Actuaries all-share index.

## Motor Insurance A broker's dual responsibility

As motor insurance becomes more complex, an increasing number of motorists are not accepting the first policy offered to them. Or, if they have been with a particular insurer for years, they are quite prepared to move if they are offered more attractive terms, with good security, are obtainable elsewhere.

If an unbiased, and expert, opinion is needed about motor insurance, this will come from an insurance broker who has no particular axe to grind. In theory, he knows the terms being offered throughout the market, and can make the best arrangements for a particular individual.

In practice, of course, it does not necessarily work out quite like that. Most brokers are deal actively with a comparatively limited number of motor insurers.

And the question of commission should not be overlooked. Some insurers pay more than others, and many brokers consider it uneconomic to place business with those paying commission at the lower rates.

Although a broker uses his skills for the benefit of his client, he is in a curious position in that he does not directly pay him—whether by means of a fee or a commission.

He is different, therefore, from an accountant, who charges you a fee for his services. The broker's remuneration is paid by the insurers with whom the business is placed, and for motor insurance, it is simply a fixed rate of commission on each premium.

In theory, therefore, the higher the premium, the better it is for the insurance broker. But an insurance broker could not hope if he attempted to place business with the companies charging the highest premiums.

Even so, the cheapest is not always the best. A low premium may signify poor administration or a claims department which has to cut every claim to the bone. Or the security of the company may not be as good as one would like.

Nevertheless, while a broker should be on your side in selecting suitable insurers, at times he is on the side of the insurers. Certainly, there is plenty of scope for difficulty.

Sometimes, for instance, a broker may help to complete a proposal form—especially where the form is long and the motorist concerned is not very form-minded. This is where mistakes can arise.

The broker may not put the question to his client very well, or he may mishear the answer. Or he may run through the questions, phrasing them in such a way that he expects a particular answer.

When a broker has filled up a form in this way, his client may be thankful to sign it, without reading it all through, since the broker is an "expert" in this sphere. If, however, a mistake has been made, it will not help the motorist if he says that the broker completed the form.

The motorist signed it and he is thus responsible for the information given. Any mistake can result in a claim being turned down.

If a proposal form is filled up by a broker, he is, therefore, acting as your agent, and you are responsible if he gets it wrong. There are, however, times when the broker is the agent of the insurers (apart from when he collects the premium), so that the insurers have to stand by any mistake which he has made.

For instance, brokers have authority from insurers to issue cover notes. They can, therefore, accept business for the insurers and put them "on risk".

Naturally, insurers try to be careful about those to whom they give this authority and usually issue copious instructions about the types of risk which can be accepted on their behalf and those which must not be accepted without their specific approval.

But if you go to a broker's office and come out with an insurer's cover note, you do not know whether the broker had the insurer's authority to issue it to you or not—particularly if you should have been unlucky enough to have had a somewhat chequered driving career in the past.

But, rightly or wrongly, the broker has issued you with a cover note and, if necessary, the insurers will have to stand by it.

The whole area of a broker's responsibility is fraught with complications, since he is a genuine intermediary, acting at different times for each party to a contract of insurance.

Not so very long ago, in the Court of Appeal, Lord Justice Scarman (whose father was a Lloyd's broker) stressed that insurance business is a complicated affair and that different rights and liabilities are assumed by brokers in different spheres of that business.

In particular, he thought that there is no certainty that the rights and liabilities of a broker dealing with a company are the same and co-extensive with the rights and liability of a broker dealing with a Lloyd's underwriter.

That may not be very helpful in a particular case, but it does show that the position is very far from straightforward.

Any unfavourable information which he has about one may be used against one when he is acting in the insurers' interests, such as deciding whether or not to accept the business on their behalf.

JD







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(continued on page 26)











# Shrimps are big business

by Janet Coates Barber

The spaghetti bowl is the name often given to Lake Maracaibo with the complex network of oil pipelines that snakes through its waters. In spite of the activity of the area being geared to the production of oil and the problems to which this can give rise, such as leakage, the lake produces valuable quantities of fish.

In recent years it has yielded 24,000 tons a year, and together with the Gulf of Venezuela, to the north, it accounts for 83 per cent of the national shrimp production. The shrimp represents 7 per cent of the total catch of the lake, but its economic importance is such that this in turn represents 36 per cent of the value of Venezuela's fish catch; much of the shrimp harvest is exported frozen.

Crabs are also now caught in the same area, and production has been rising gently in the past few years to reach an annual value of Bs230,000. The waters of the southern part of the lake are much less saline than those nearer the mouth and here other species of valuable fish thrive. Migratory fish are also caught in the lake and these include mullet.

In the more saline waters the cynoscion is fished and accounts for 24 per cent of the lake's catch. This species is also known as the drum fish because it occurs in relatively shallow and disturbed water and can communicate only by making a drumming noise with the help of its swim bladder.

The heavy inflow of fresh water from the Orinoco into Maracaibo is a factor also favouring, although to a less extent, the fishing grounds in the east of Venezuela where the Orinoco, its tributaries and other rivers enrich the coastal areas.

Another reason for the productivity of the seas in the east and west is that in both areas the continental shelf spreads out to provide fine fishing grounds, whereas in the central part of the coastline the shelf is very narrow.

However, the flow of fresh water into Maracaibo is being reduced as demand for water rises in response to population increases and agricultural development in Zulia state, which surrounds the lake. Deforestation damaging the watersheds of rivers running into the lake has resulted in greater sedimentation, which can ultimately affect detrimentally the productivity of the lake.

One of the two principal, and best equipped, fishing ports in Venezuela is found at Carirubana, on the peninsula of Paraguaná in Falcon state; here installations have been designed to receive catches of fish, in particular 6,500 tons of shrimp a year, and to equip boats, ice-making equipment and storage facilities have also been built.

Shrimp trawlers and tuna boats are built at Carirubana, Maracaibo and Las Cabimas, slightly to the north; more than 1,800 fishing boats are registered at ports here in the western fishing zone, where 23 per cent of the fishing population concentrates its activities.

The other important fishing port is Guiria, in the east, towards the tip of the Paria peninsula. This port, which cost about Bs47m (\$11m) to put into operation, has become the centre of the eastern fishing zone, where 33 per cent of the country's fishing population is employed. Boat-building and refrigeration facilities are available and a dockyard can service trawlers and fishing boats from a wide area.

Once famous for pearls

Shrimps are also found in the eastern zone; in the Gulf of Paria north of the Orinoco delta, yields have been good since fishing began in 1969, using boats built in Guiria. The exploitation of the gulf is being carefully planned and in 1970 production reached about 150,000 kilograms of fish, of which 82,000 were of shrimps.

Shrimps are intensively fished also slightly farther west in the sea off the coast of Anzoategui and around the Los Frailes archipelago, just north-east of Margarita Island.

The waters round Margarita were once famous for their pearls. Now, however, the oyster catch is of greater value if sold fresh. There are clear signs that the oyster has been considerably over-exploited and oyster farming may be a means of taking pressure off the fast declining wild stocks.

Another edible mollusc is now sought off Margarita and in the sea north of the Araya peninsula. This is the turkey wing, which superficially resembles a large cockle (orca zebra) and is said to have replaced the pearl oyster both economically and biologically. Venezuela is now the world's leading producer, with recent

# Drive to link up coastal regions with the undeveloped south

by Susan Morgan

Many advantages in terms of natural resources can be claimed by Venezuela south of the Orinoco. The country's oil and gas reserves are concentrated in the north, and the south is rich in minerals. The south is also rich in agricultural land and has a large population. The south is also rich in natural resources, and the government is aware of the need to develop these resources. The government is aware of the need to develop these resources, and the south is rich in minerals. The south is also rich in agricultural land and has a large population. The south is also rich in natural resources, and the government is aware of the need to develop these resources.

By 1963 there were nearly 12,000 miles of paved roads, 9,000 miles of all-weather roads and 4,000 miles of dirt tracks. With the southern half of the country stretching into tropical jungle, and the end of the Andes occupying some of the west, most of the road system is located in a wide belt running parallel to the northern coastline.

Centred on Caracas, the capital, the government has been developing a network of roads and highways. The network is designed to link up the coastal regions with the undeveloped south. The network is designed to link up the coastal regions with the undeveloped south. The network is designed to link up the coastal regions with the undeveloped south.

With this expanding road network, vehicle assembly also thrives. Production of motor vehicles in the first quarter of 1974 was 28,925 units, compared with 23,842 units in the same period of 1973, a rise of more than 21 per cent, and implying that the production rate is more than 100,000 units a year. There are well over 800,000 cars and 250,000 commercial vehicles in use, and the number has been growing steadily.

Future development, however, is likely to be along slightly different lines, since the Andean pact visualizes some rationalization of automobile and truck production throughout its membership. Originally, Venezuela was allocated a small

production, but subsequent discussions have led to its expansion, although this is still insufficient to prevent a likely decline in the Venezuelan share of the total Andean pact automobile output. In any case, the Government has its own plans for increasing efficiency by selective production of unenthusiastic response from motor manufacturers.

While the picture of road transport and communication is of a successful future, that of the railways barely deserves mention. Only one modern line exists—the 105 miles from Puerto Cabello to Barquisimeto—and there are only tentative plans for expansion. During 1971 it carried 396,000 passengers, but only 135,000 tons of cargo, and considerable repairs are necessary to keep it operative, so it is not a particularly profitable enterprise. The only other railways are two private ones which carry iron ore from the south-eastern Venezuela to river ports.

Much more important have been the developments in air travel. Rapid growth has been unevenly divided between internal and international routes. In the early post-war years expansion was basically of internal air traffic, but since the early 1960s and the formation in 1961 of the Avianca, SA, the Venezuelan international airline (VIASA), international routes have blossomed.

There are now four international airports: Maiquetia, 12 miles from Caracas, Maracaibo, Barquisimeto, and Maturin; and a fifth is being constructed on the island of Margarita. Between 1970 and 1974 Maiquetia was enlarged at a cost well over Bs300m (\$72.3m) to cope with the extra traffic. It handles more than 100 flights a day and the number of passengers on regular international routes passing through Venezuela has increased from 295,000 in 1960 to more than 600,000 today. Two thirds of them enter through Maiquetia.

International cargo movements grew from about 18,000 tonnes in 1960 to about 40,000 tonnes by 1970. During 1973, however, internal cargo loads remained constant at 17,000 to 18,000 tonnes, and the number of internal passengers has stabilized at one million a year. Although still rather greater than the international figures, this represents a growth rate of only 2.5 per cent a year since 1960.

VIASA has been very successful: it now offers over 2,500 flights a year, compared with 122 in 1961, and carries some 300,000 passengers each year, lifts about 25,000 tonnes of cargo, and runs a sizeable fleet of aircraft, including the stretched McDonnell Douglas DC-8-63, and the recently introduced DC-10. It also made a profit of Bs7.1m in 1971. Conversely, the two main internal services, Aerovías Venezolanas (AVENSA) and the government-owned LAV

# Grants policy to change import-biased attitudes

In the eighteenth and nineteenth centuries, coffee, cocoa and indigo were among Venezuela's most valuable exports. With the discovery of oil in the twentieth century, these exports were placed in importance by petroleum exports. Plantations received less attention and agricultural workers began to move to the oilfields.

Oil exports account for approximately 93 per cent of the value of Venezuela's exports, followed by iron ore 3.6 per cent, coffee and fish 0.4 per cent each, and cocoa 0.2 per cent. However, agricultural production is increasing at the rate of about 5 per cent a year. The value of agriculture products increased to Bs5,415m. This was due to more areas coming under cultivation rather than to intensive cultivation or the improvement of

productivity on land already in use.

Non-traditional agricultural exports have begun to make some impression. These include sugar, bananas, rice and semi-industrial crops like cotton, corn and sesame which help to meet the growing demand for cooking oils. In 1972 Venezuela managed to place about 150,000 tons of sugar on the United States market, but had to import 15,000 tons to supply the domestic market in 1973 because drought affected the harvest.

Although Venezuela can produce 95 per cent of the food it needs, it is not self-sufficient in basic foodstuffs such as wheat, beans, grain or beef. In contrast to the attitude prevalent in recent decades "if we want something, we import it", there has grown a belief that too

much money is spent on imports such as food which could well be provided by domestic production.

The Government has therefore allocated sizable sums for investment in agriculture to stimulate production and increase efficiency. Efforts will be made to grow more rice, beans, grain and cotton, but the opportunity to increase exports is taken whenever possible.

The budget for agriculture and cattle raising for 1974 is Bs930,725,039, or 6.5 per cent of the annual budget. This represents only part of the finance the sector has received under the Government's four-year development plan up to 1974. Money is being used for a variety of purposes. Irrigation and drainage projects, loans to farmers to buy land and equipment, the improvement

of marketing organization, the provision of canning facilities, the continuing programme of land reform and control of animal diseases, are all aspects of government help to the industry.

A sum of Bs200m is being invested to develop a better market, information, export promotion and improvements in packaging and classification. Under the four-year development plan the Ministry of Public Works is authorized to spend about Bs160m on new irrigation and drainage works each year. Storage and processing facilities will also be expanded.

Selected important agricultural regions will receive aid to increase production, and Bs160m is being allocated to this. An investment of Bs115m is being used to combat animal disease, in

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# Ambitious projects on Caribbean coast to lure the tourists

The "sun of the deer" or el sol de los venados is the phrase used by Venezuelans to describe the golden red light that blazes for a few minutes before the end of each day. It is this light, which resembles the colour of the deer of the llanos that touched the distant Andean foothills and shone on a group of horses as they filed through the sun-burnt grass to a nearby lake.

Compelling scenes like these should encourage tourists to come in increasing numbers to Venezuela, but the government is understandably putting its faith in more tangible tourist attractions in efforts to reduce the country's tourist deficit.

Last year the value of the tourist industry increased to \$76m (£32m), yet Venezuelans taking their holidays abroad spent \$174m (£72m). In the last two years government investment in tourism has jumped substantially, and the brisk promotional activities of CONA-TUR (National Company of Tourist Hotels) and the National Tourist Corporation have also improved the situation.

"Why settle for an island when you can have a country in the Caribbean?" was a slogan used to good effect by the United States last year North Americans

accounted for about one third of the 340,000 tourists, and they were also able to benefit from reduced excursion air fares, not yet available to most Europeans. The traditional lure of the 5,170 mile Caribbean Sea is strong enough for the government to give financial impetus to several large scale tourist projects.

Just north of Tucacas in the westerly state of Falcon there may be a major 400m tourist city development, which will be completed within a population of 40,000. Nearby is the Chichiriviche nature reserve, known for the scarlet ibises, flamingoes and scores of migrating birds which can be seen in the mangroves and swampy inlets. It must be hoped that the reserve will be unaffected by the new development.

Further to the east lies the small bay of Patanemo, near the town of Puerto Cabello (so called because of the calm water of the port only ever crinkles like fine hair—cabello). Mangrove trees, lagoons and a small village at present occupy the bay which is the site of another major project. The cost of basic services will be considerable; the provision of light, roads and a hospital, and other infrastructure effect the United States investment to over £20m.

The government sought the advice of ecologists before committing itself to the development, which, as a result, has to a certain extent been planned in order to preserve some of the natural environment.

In the eastern state of Anzoategui, a development will take place between Barquisimeto and Puerto La Cruz. Here, facilities including hotels, apartments, marinas, and golf courses, will be provided for about 75,000 tourists.

The island of Margarita in the Caribbean has for some time been an established tourist attraction. Once famous for its oysters, pearls and sandy beaches, an additional attraction is that it is a duty free zone.

Another island, Isla de Orchila, is destined for tourist development once an investment of £17m has been made to enable the first stage to begin.

If the lure of the Caribbean can be resisted, the interior of the country offers sight and sounds quite as rewarding as those found on the coast. The Andes curve north-eastward into Venezuela through the states of Mérida, Táchira and Trujillo. There are five Conahotu hotels in this mountainous region which

has a sunny, fresh climate and alpine flowers.

One of the snow capped Andean peaks, Pico Bolívar, is the highest point in Venezuela (16,422ft). Waterfalls and hot springs, small colonial towns and also the world's highest and longest cable car, give this region a cuddled by the Andes "an obvious magnetism."

North again to the coastal state of Falcon and Conahotu hotel at Coro places one in reach of sweeping sand dunes, palm trees and wide beaches. Conahotu is also represented at Maragay, slightly inland from the coast.

Here the hotel looks towards the Lake of Valencia, and in the coastal mountains behind lies the Henri Pittier National Park.

Although Conahotu has approved 80 hotels for star rating in the Caracas area there is still a chronic shortage of hotel rooms. However, frustrated tour operators and conference organizers should have less cause to wring their hands in future. The first Holiday Inn to be built in South America will open this autumn in Caracas with over 200 rooms. The plans recently announced by Melia International to build two new hotels in Caracas, will also help ease the situation. Melia Caracas and

Melia Caribe will open next year with a capacity of well over 600 beds each. At Puerto La Cruz on the coast, Melia has just opened a hotel with 400 beds and a further hotel will open in 1976 on the island of Margarita.

The Inter-Continental group is represented in Caracas by the Tamana, which is always fully booked. In Maracaibo by the Hotel del Lago and also by an hotel in the business and industrial centre of Valencia.

The group also has an hotel in the new city of Guayana, which, at the confluence of the Orinoco and Caroni rivers, is rapidly becoming the centre of one of the most important industrial regions in Venezuela. The Hotel Guayana management can therefore be confident of healthy bookings not only by business men in iron ore and diamonds but by holidaymakers.

Visitors will either be content to watch the Caroni river crash over the Cachamay Falls, while breakfasting on the terrace of the hotel, or they will want to fly further south to see a tributary of this magnificent river, the Carrao, fall, just as dramatically, over the Hacha cataracts at Canaima.

During the 19th century the plan through rather than forested canyons. The waterfalls hundreds of feet flat-topped mountain of these, the Angs drops nearly 3,000 feet.

Approximately 600 people visited Canaima many of whom stay overnight for a longer period. In the forested paths, boys down the Carr to an island famed orchids are pleasant to bathing waters of the lake harmlessly tawny by.

This lake lies Canaima National Park which extends over 100,000 acres. The park soon cover three tin area if present plan ahead. With careful imaginative planning, sparkling beauty of t and falls, the sheet forested gorges cataracts, the grassy the great variety wildlife—including and tapirs—would Canaima and the Sabana an essential in every visitor's itinerary.

The other major national park, the Guayana, could also be a very important role in Venezuela's developing industry.

# Status and trading benefits expected from joining Andean Pact

continued from page 1

trading links. Its principal partner so far has always been the United States; in 1971, for example, 48.2 per cent of its exports went there and 46.8 per cent of its refined oil imports came from the same place. It also trades substantially with West Germany and Canada, and to a lesser extent with the United Kingdom; other European countries, and Japan. The biggest exports are of petroleum and petroleum products, iron ore and a certain quantity of agricultural products—coffee, sugar and cocoa. The trade balance has remained favourable in the past few years.

The most significant impact on this established pattern is likely to come from the recent signing by Venezuela of the Andean Pact. Previously Venezuela had been a member of the Latin American Free Trade Association, but that was basically only a series of trade agreements to which most South American countries and Mexico adhered, and under which action was taken bilaterally rather than unilaterally. The Andean Pact is aimed at encouraging mutual economic development within the Latin American nations.

Given the unique and immense wealth of natural resources which Venezuela possesses in relation to the rest of the bloc, the pact will undoubtedly improve its status within South America as well as give it greater access to neighbouring and developing markets.

One of the pact's most important articles, Article 24, was applied from April 29 and affects foreign companies in electric power, broadcasting, Spanish-language publishing, transport, public utility and advertising agencies, supermarkets and department stores. The consequence of this article in Venezuela is that all such foreign interests must have sold 80 per cent of their assets to Venezuelans by January 1, 1977.

In addition a superintendent of foreign investment has been appointed to ensure the correct application of the rules, to register and authorize foreign-owned capital invested in Venezuela before January 1, 1974, and to control the reinvestment and remittance of dividends.

Action of this type also aids the efficient use of new funds from abroad and enables the authorization of contracts relating to patents, licensing and royalties.

However, foreign-owned companies exporting to countries not in the Andean Group need not register with the superintendent, although, as a corollary, they cannot benefit from the group's programme.

Since the ratification of the pact by its members in February, 1973, further negotiations over details have taken place in Lima. For Venezuela these were handled directly by the Instituto del Comercio Exterior, itself under the control of the Minister of Foreign Relations, but often without reference to the commercial areas most affected. Consequently, the Venezuelan negotiators were not able to defend their interests adequately enough.

For example, although 54 per cent of the number of motor vehicles manufactured in the Andean area in 1972-73 were produced by Venezuela, its government was recently informed that it will not be assigned any of the component manufacturing—and it might reasonably have expected such an assignment for its industry. Similarly, with regard to textiles, the production of synthetic fibres (an offshoot of the thriving petrochemical industry) in Venezuela

is ahead of that in most other member states but it has failed to gain assignments through poor negotiation.

In this context one of the main aims of the Andean Pact is to try to rationalize Latin American development thereby avoiding expensive and unnecessary duplication between countries. Unfortunately, the examples above indicate how, in the case of Venezuela, this admirable idea has been transformed into a short-sighted piece of legislation and could become a stumbling block to full integration.

Discussions are taking place with the Andean Pact Commission to rectify this situation, but, at least officially, all is still well. As President Perez recently said, "Latin American brotherhood and close integration is a form of protection for Latin America against industrialized nations."

Other forces, too, tend to push Venezuela towards closer ties with the pact: Dr Hector Hurtado, the Finance Minister, is considered its father, while its presidency for 1974 falls on the president of the Venezuelan Instituto del Comercio Exterior, Dr Reinaldo

Figueredo. Nevertheless, the pact as a whole is still seen by many as a source of considerable interest and disagreement among the members.

Assuming, however, integration is ultimately successful, it seems that Venezuela can be expected to extend its influence in the near future. In the economic sense, the country is experiencing a windfall from the oil increases, which should be extremely beneficial if excess liquidity can be overcome and the problem of poor financial management conquered.

Although a revolution does not at present seem likely, the Government already taken measures against liquidity by creating a national investment fund to take 50 per cent of all income for investment in the country, and may have some impact on inflation.

Moreover, gross national product is growing at over 6 per cent a year, so it appears to be substantial dynamism to take up economic slack; better planning could turn these advantages into a solid foundation for a rapidly modernizing economy.





# Venezuela SOUTH AMERICA IN THE CARIBBEAN

Venezuela, a country which brings together every attraction to make it unforgettable, is a combination of everything there is to see in Latin America. It is the possessor of unbelievable variety... violently contrasted climates, extremely variegated topography; striking technological advances side by side with Indians fishing with spears. All this and much more is offered by Venezuela to the visitor from overseas.

A country, situated in the north of South America has the Caribbean Sea to the north, its blue waters lap Venezuela's 2,813 kilometres of coast line; to the east is the Atlantic Ocean and Guyana, to the south it is Brazil and borders Colombia in the west. It has an area of 912,050 square kilometres and a population of about 10,000,000. The system of government is representative democracy. There is freedom of worship, although the great majority are Catholics. The unit of currency is the Bolivar (4.30 to the dollar) which was declared an international currency in 1966 by the International Monetary Fund.

Our visitors will encounter contrasts here which no other Caribbean country could match. The country is a land of extremes. It has all year round, vast plains covered with vegetation and interlaced by great and mighty rivers; virgin forests not yet penetrated by civilized man and watered clearings inhabited by native tribes living in the days of the conquistadores, ranging from any trace of civilization or to the accelerated development of the rest of the country; mountains and deserts with vast landscapes and a climate of great variety, from the ideal coolness of the mountain slopes to the intense coldness of the highest peaks caused by the perpetual snow cover. Solivar Peak (5,007 metres) in Mérida State is the highest in Venezuela.

In Venezuela there is every nationality you can imagine. Visiting our country is as if you were visiting the whole world. To tour the country, the tourist may take advantage of the modern highways that spread over the country, passing through scenery that will fill him with wonderment. The tourist will enjoy the best facilities he could ever want or need. For his holiday, he will be able to choose between an idyllic beach, a cosmopolitan city or a trip to the breath-taking scenery of the Amazonian forest. He will find all that he needs in the pot that makes up Venezuelan society.

During the colonial period, Indians, Europeans and Negroes all lived together, and this brought about a vast range of racial mixtures, the outcome of various racial mixtures. The result was an ethnic amalgam, the base and origin of our country's present population. From the time of the World War, successive waves of immigration brought fresh values to our population. We are proud to have assimilated the surpluses of the world's varied nationalities. We have become a family living constructively together. The typical Venezuelan is cheerful, talkative and much given to wit and jokes. He always sees the funny side of things. He is generous, loyal and friendly.

The official language is Spanish, although it is easy to find people who speak English or some other language fluently, especially in hotels, restaurants and other places of interest to tourists.

Venezuela's climate does not call for heavy clothing. Spring temperatures prevail. The same goes for etiquette, which is informal. If you visit the Andes where the temperature is fairly sharp, cold in fact, you will need clothing to keep you warm—the picturesque "ruana" which can be bought for a modest price and then kept as a souvenir. We have no more than two kinds of weather: the dry season or "summer" which generally begins in October and lasts until April or May, and the wet season, or "winter", which covers the rest of the year. Fortunately our coasts are outside the Caribbean hurricane zone.

Venezuela's variety does not consist simply of land-scape, flora and human types. There is also the age-old tradition of a population ensconced in the Andes, as contrasted with the technological progress of national industry and the sophisticated world of international finance. In Anaco and Punto Cardón, very close to Coro, the site of the first Episcopal See of the American continent—were situated the world's foremost oil refineries. In Maracaibo, next to the busy market places thronged by the gentele Goajiro women in their billowing Indian garments, the steel structures of the oil wells rise proud and challenging. And there, again, the gigantic Urdaneta bridge throws out its arm of steel and concrete to link in its 11 kilometres span the two shores of the lake, where the traveller can see bustling lake-villages in the far distance.

Modern highways cross the country, particularly the central zone, where the greater part of the population is to be found. They leap over valleys, like that of the Aragua, where sugar cane and the antique sugar mills point romantic contrast to today's great sugar refinery.

In La Guayana, where the tumultuous crashing of the iron foundries, which are never known to stop, is joined to the incessant crash of the Guri dam—whose energy potential is the greatest in the western world—the waterfall Salto Ángel, the highest in the world, is hushed waters into the midst of the impenetrable forest.

And slumbering in a valley on the coastal belt, little more than one hour's distance from Caracas, which never sleeps, is found the Colonia Tovar, a Bavarian village dotted with small houses in which it would be very easy to forget civilization altogether were it not for all the comfort that surrounds one.

This combination of contrasts is delightful for the visitor who goes shopping. In modern Caracas he will be able to lay his hands on a quiver of genuine arrows of the Waike Indians of the Upper Orinoco and other native handicrafts in suitable fibres, even sophisticated reproductions of pre-Columbian art, the most brilliant jewels and the most sumptuous clothes.

people is truly prodigious, and has produced folk music of enormous rhythmic and melodic diversity. Dances and rhythms like the Sabón, the Burriquito, the Pájaros, the Gallo, the Gallo Llanero, the Polo Margariteño and the Polo Coriano, the Golope and the Pasaje Tuyero, the Merengue Porteno and the waltzes of Lara are all proofs of this national feeling for music. The "joropo" stands out in the whole world as the "king of creole".

In the Barlovento area there are examples of purely African quality, to the beating of the round drum, the gourd and the bongo. Coripe, Cauca, and Rio Chien are districts best visited during the Festival of San Juan, when the syncopated sound of the hide-drums transports us to a world of voodoo. Songs of love, harvest and the countryside are blended with prayers to San Juan.

In the Andes region folk music takes on a religious flavour. The various songs and carols celebrating Christmas, the songs about robbery and murder by el Niño and la Paradura are examples of simple folk tradition.

The bagpipes of el Zulia are typical of popular musical expression in the area of Maracaibo; against a shuffling and varied music rises the sound of the folk ballad, and the chorus sings a refrain that is frequently a social commentary.

In Los Llanos, counterpoint to the sound of the harp, quartet and maracas is the high point of a day of arduous struggle with herds of cattle.

During the Corpus Christi festivities, the age-old tradition of the "Dancing Devil" is renewed yearly at San Francisco de Yare in Miranda State; clad in red and hidden away in a great mask painted in the most vivid colours, they dance in God's honour.

Carnivals in Venezuela capture the attention of tourists. Almost all the big cities have their own festivities, each with its own characteristics. The most brilliant are held in Caripapan, in the east of the country.

able here is a joy to all who visit us. No tourist should leave without trying "lecheas", "piñon", "guava", "guana", "bunao", "perchita" and mango: fruit-juices of these are on sale everywhere.

Venezuela has no law forbidding the sale of alcohol; everywhere will be found wines and spirits from all over the world. Nor should one fail to sample the splendid Venezuelan rum and beer, of whatever brand.

Reception sites for tourists range from luxury hotels with swimming-pools, beaches, golf, shops, discotheques, etc., to standard hotels, generally air-conditioned, with room-telephones, music, etc.

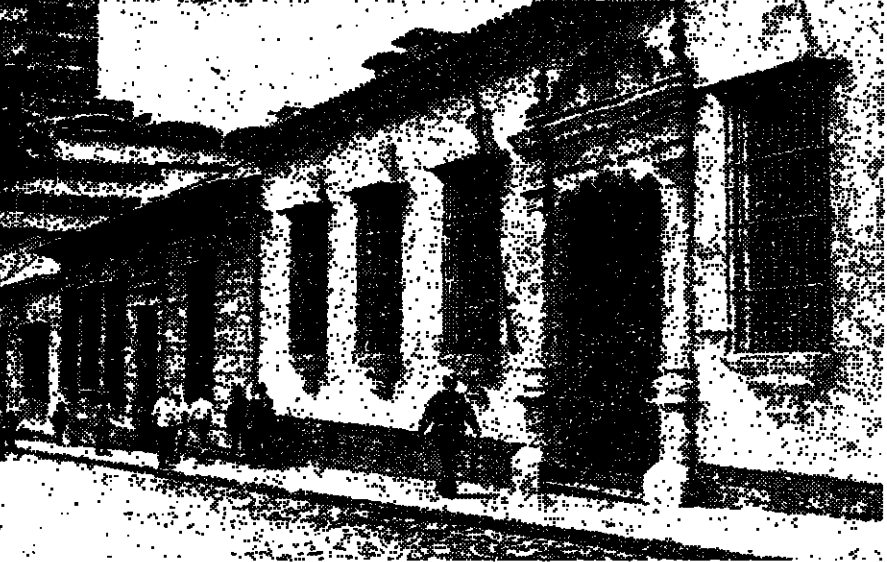
## Transport

There are various means of transport to enable the tourist to get to know Venezuela better. We can boast of having the largest road network in Latin America: modern highways like those linking Caracas to La Guayana and Maracaibo, from Puerto Cabello and Valencia, or those that run alongside the Orinoco to link Ciudad Bolívar and Ciudad Guayana.

The tourist who prefers to travel quite independently can easily hire self-drive cars. There are various monthly and weekly rates. A car can be hired in one city and handed over in another. The companies providing this service in Caracas are the following:

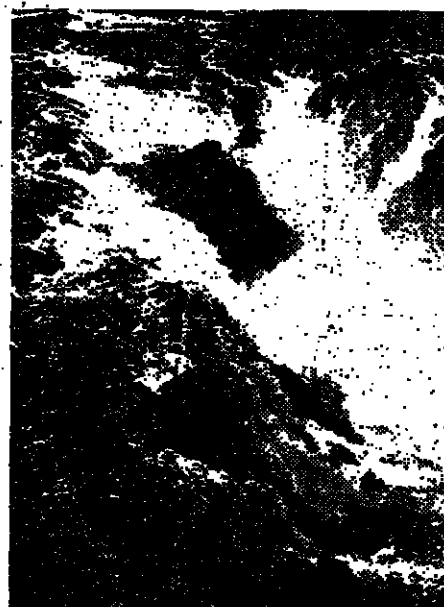
AVIS, FIESTA, HERTZ, VOLKSWAGEN, BUDGET.

The only requirement is to have one's papers in order, according to international usage.



The Beach at Margarita

Right: One of the falls at Canaima



The Festivals of San Cristóbal, Mérida and Maracaibo are greeted with enthusiasm by tourists, as being the most important, and includes bull-fights in which the greatest exponents from Venezuela, Spain and Mexico take part.

The Festival of Onda Nueva is held yearly, and has for several years attracted to Caracas the best composers, conductors and singers in the world, to interpret the "onda nueva" (new wave) rhythm started by the Venezuelan Aldemaro Romero.

The tourist will find in Venezuela an infinite number of amusements thanks to the number of places set aside for that purpose, from discotheques to "salas de fiestas" many night clubs and clubs, and cinemas showing the latest films with a translation into Spanish.

Crafts are closely linked to folk music. The Goajiro, of the two shores of the Zulia, hammocks of cord or netting, and the many-coloured blankets from Lara and the Andes, wooden furniture, leather and rope-work from Falcón and the objects from Margarita and Cumana made of palm fronds and sisal are some examples of varied native crafts.

## Varied Menus

As for gastronomic possibilities, Venezuela, and in particular Caracas, is a veritable paradise for the tourist who wants to experiment with the cuisine of the country he knows. All the great international cuisines are represented in our country: Chinese, French, Italian, Spanish, German, Arab and Hungarian restaurants are all there happily waiting to give him a gastronomic tour at reasonable prices.

At many places the tourist will be served without even getting out of his car, and elsewhere he will be able to enjoy a barbecue in the midst of tropical vegetation. Some restaurants specialize in Creole food, but one can ask at all of them for certain national specialties, including:

"hallacas", a paste of maize stuffed with meat, vegetables and spices, wrapped and cooked in banana leaves;

"sancho", a variation on Spanish cooking, made with meat or fish accompanied by green vegetables;

"arepango", a dish whose principal ingredient is or-belly seasoned with various greens and spices;

"pabellón", consisting of a dish of stewed carrots, rice, slices of banana and minced meat;

"arepa", the indispensable Venezuelan round bread, made not of wheat but of maize flour: it is found too in the establishments known as "areperas" or "ventas de tostados", stuffed with ham, pork, cheese, etc.;

"cachapa", a kind of maize pancake generally stuffed with cream cheese.

The wide selection of tropical fruit available

On landing in our country, one can travel from the Airport to Caracas or Maracaibo by one of the taxis waiting for customers at the exit from the international Simón Bolívar Airport, or from the Port of La Guayana.

Two international airlines, Aeropostal and Avensa, cover all internal routes efficiently with a fleet of planes that includes everything from DC-9's and Caravelles to DC-3's which fly to the deepest confines of the forest.

If you would like to make the acquaintance of Margarita, the "Pearl Island", you will find yourself in a Caribbean paradise. You may go there by plane or by ship. There are at least five daily services from Puerto de la Cruz and Cumana, thanks to the excellent ferries.

If your taste is to live adventurously in the South, there is the Orinoco and its tributaries, all replete with mystery, namely the Caroni, Meta, Caura, Aragua, etc. Here you will sail in little native "bongoes" constructed in the ancestral Indian fashion.

## Making Travel arrangements

When you wish to visit us, please get in touch with the local diplomatic representative of Venezuela in your own country. Information will also be available to you from your travel agent or the office of the airline or shipping company taking you to Venezuela. You will have no difficulty in obtaining a tourist visa. It will be necessary on the day to have your passport, with you.

Top: Panteon Nacional-Caracas

Below: Casa Natal del Libertador-Caracas

lie the remains of the Liberator, and the Quinta Anaco, the Colonial Museum, the shrine of everything that is really our own where, on his last visit to Caracas, the Liberator found shelter.

Fantastically extended over and beyond its original site, Caracas has taken within its borders, in an unprecedented process of urbanization, all the bordering areas formerly country estates, now converted into commercial and residential zones of really impressive attractiveness. The city is served by modern multi-level highways, like el Palpo, La Arafia, Avenida Boyaca and the newly opened Highway Prados del Este, which facilitates traffic to fairly distant townships on the city perimeter such as el Hatillo, La Lagunilla and La Trinidad.

To enjoy the sun-filled days by the Caribbean, it is easy to get transport to the central beach not many minutes from Caracas. Here begins Venezuela's eastern coastline. You will find all the facilities you need to enjoy the golden beaches with their endless sands; a carpet of white coral sand, shadowed beneath groves of palms; an eternally caressing sea; an expanse of translucent waters beckoning one to cast anchor. The coastline offers every kind of geological formation... coves and bays, where there are various installations to make anchorage simple; hundreds of thousands of birds soaring swiftly in skies ever blue; every size of fish for the shore angler and the underwater fisherman; great stretches of mangroves and palm-groves; and the thousands of flowers that carpet paths and roads.

All this is typical of the eastern beaches with their magical names: Macuto, Playa Colorado, Lecheria, El Morro, Arapito, San Luis, Mochima, Coripao, etc.

Canals among the mangroves at Riguera; the golden altar-pieces of the church at Pirita; the promenade by the sea at Puerto de la Cruz, where a modern hotel has been constructed, the Mella; the castle of San Antonio in Cumana; Las Salinas and the imposing ruins of the Castillo de Araya.

Caracas is an up-to-date city, as is shown by its vast traffic system and the development of its residential areas as well as its buildings. If one has to put one's finger on a "town-centre", the logical point of reference is Plaza Bolívar, surrounded by lovely colonial buildings. Government offices, the XVIII century Cathedral where some of the finest Venezuelan paintings are kept, as well as works by Murillo and Rubens, are not far away from the Capital, and further to the South, the church of San Francisco. The visitor to Caracas should not fail to go to see the birthplace of the Liberator, so full of memories of Simón Bolívar. To get an idea of Venezuelan art nothing could be better than a stroll through the Museum of Fine Arts or, if you want something of our own day, the Museum of Contemporary Art. A great deal of historical material is contained in the National Pantheon, where

## Oysters & Oil

The unbelievable underwater world of the Guacharo cavern in Caripe; the International Carnivals of Carapapo, full of happiness and colour; the distinctive and wonderful world of beaches and mangrove forests of La Restinga in Margarita; the oysters that they serve at tempting prices on the beaches of Cumana and Margarita; the sun-traps in the Bay of Juan Griego.

The major attraction on the East Coast of Venezuela is the Island of Margarita. Here there are more anglers than tourists.

The white beaches of Margarita stretch out along the shore-line of an azure sea. There are exotic lagoons enclosed by palm grove forests, and, in addition, the celebrated pearls which Christopher Columbus took back from his really rather unforgettable holiday. Remember that there is a free zone, so that you should save a little cash to buy a few presents there of whatever kind...

The western shores of the Venezuelan Caribbean are a vast extension of sunny beaches and a serene sea of turquoise blue. Its holiday sites range from the most luxurious to the most popular. The wild beauty of the natural treasures of Falcón State takes one back to virgin nature. There you will find a solitary island for a day of sun and relaxation... Do not forget to see Coro, one of the most ancient cities in South America. Its beautiful colonial architecture is a mirror of the past, as is also the traditional and romantic hospitality of the people.

Further west is one of the wonders of the world: Lake Maracaibo, its waters keep watchful guard over an incredible wealth of oil. As the country's second city, it combines old colonial houses with progressive modern edifices. The fashionable "palacas" next door to supermarkets... markets of the Goajiro Indians side by side with exquisite boutiques, sailing clubs and discotheques... all the undeniable representatives of our own times.

The entire western belt offers such marvels as canals between mangrove forests and shoals of Chichiriviche and Tucacas; the perfectly preserved colonial architecture of Coro; the sand dunes of the Medanos; the colonial churches of the Paraguaná Peninsula; Urdaneta Bridge, eleven kilometres of striking elevation soaring clearly across the Maracaibo Lake; the metallic jungle of oil wells rising out of the lake, to extract the black gold and export it all over the world; the primitive waterways which caused Alonso de Ojeda to christen Venezuela "little Venice"; the shimmering colours of the clothes and carpets of the Goajiro Indians.

After enjoying our beaches, nothing could be better than a few days in the Andes, also in the west of Venezuela. Its snow-covered mountains are as typical and attractive as the 2,813 kilometres of coastline. We are proud to have the largest and highest radio-telescope in the world since it soars nearly 5,000 metres to the summit of the Pico Espejo. Below one finds picturesque valleys filled with mountain cities, hidden in the best example of an intricate medley of Spanish colonial surroundings and the pulse of modern life, together with one of the most important universities in the land. The road across the Andes links Caracas with the towns and villages of the mountain area, over craggy peaks and green valleys forming part of one of the largest mountain-chains in the world.

You will soon be won over by the frank and cheerful character of the Andean with their natural good manners. The well-tended fields, enchanting villages and folk traditions are all brought together in a stunning mountain landscape well worth discovering. Nor should you leave the Andes without seeing the History Museum in the city of Trujillo, the garden of Venezuela, Rocondo... the altar-piece of the church of San Miguel, the best example of the Baroque style in the country. The Aguilera where Venezuela's highest roadway is situated (over 4,000 metres); the awe-inspiring Andean deserts; the trout you can angle for in a thousand different streams and rivers... The parks, Cathedral and museums of the University City of Mérida; the village of Jaji near Mérida, where the clock stopped at the colonial time; the typical and very beautiful "ruanas" you can buy against the mountain cold... the dizzy steep streets of the protective Santa Cruz; the bull-fights of Cristóbal and in many villages of Tachira State; the hot-spring of Ureña, near the frontier city of Cucuta.

## The Big River

In the south of Venezuela, you simply must not miss seeing the spectacle presented by one of the mightiest rivers in the world, the Orinoco, amidst a vast, lush, rolling landscape, exuberant vegetation and a variety of cataraacts. It rises in the depths of the virgin forest and, after flowing 2,574 kilometres, empties into the Atlantic Ocean. It is covered by none other than Christopher Columbus, its sheer grandeur filled the Spaniards with awe.

The region of Guayana, watered by the Orinoco and its tributaries, exerts a mysterious attraction upon tourists like no other place in the world. Canaima waits for you in this remote area untouched since the first creation... before the era of the aeroplane it was practically inaccessible, but now it is easily reached, to give you the chance to enjoy the most beautiful beauty, if only once in a lifetime.

awesome "tepuy" emerges from dense, wooded hills, crystal streams lap the dewy beaches of its lagoons. But nothing is as spectacular as seeing the Angel Waterfall, the largest in the world, with a free fall of 1,000 metres. Be sure that a visit to Canaima will give you an unforgettable experience.

Equal importance attaches to the Cerro Bolívar, a huge, formed of pure iron ore... the resting-place of diamonds, with a world of adventure; the Guri dam, one of the world's greatest, is a source of electric power for the entire country. The towns of the Guianica, Piaras and Maquiritas, whose lives remain unchanged over the centuries... The "bongos" (wooden river-crafts) by the Tachira for river transport; the fabulous variety and quantity of orchids; the new-born city of Ciudad Guayana, destined to become the most pulsating industrial centre in South America... the legendary Casiquiare river along which the Orinoco sends some of its flow to its great, distant Amazon. The great rivers of Guayana, such as the Caroni, Caura, etc., whose black and crystal waters come leaping over spectacular falls from the Tepuyas as far as the Orinoco... a cultural centre recently opened is the Museum of Jesús Soto in Ciudad Bolívar, with its audacious kinetic sculptures that have been given a new dimension in comment to both the old world and the new.

Culturally speaking, Venezuela lives up to its geographical reputation by presenting a series of achievements. Characterized above all by variety, and reflecting life in its plains, forests, mountains, and coasts. In building up the Venezuelan nation, the cultural basis has been held together. It came from Spain, by the codification of practice and customs in general. There exists a less ostentatious popular culture. If it is looked for, sometimes one finds it and always it is there. At this level there is a creative impulse that is easily confirmed by the carpets of Goajiro artistry by Luis Mandel, especially since its products came into being in the last four years ago. This craftsmanship rose up out of the sandy wastes of el Zulia to carpet the passenger cabin of the jet-planes flying over the national routes. In Guayana, the most ancient Indian tribes produce crafts which have not changed substantially since pre-Columbian times and whose merit lies in the efficiency with which they can be turned to the purpose they were made for, given apart from the three-fold excellence of their materials, workmanship and basic form, which lies in the colours used.

Venezuela, a country which has set forth its culture, natural riches and the hospitality of its people is South America in the Caribbean.

## Carnivals, Fiestas and Folk Music

As a result of the various climates, lands and cultures of our forefathers, we have a folklore we are proud of. In each area of the country there is a blossoming of manifestations of our human origins: genuine folk music of a purity which greatly interests anthropologists.

The musical strain that is found in the



# Too much foreign exchange pouring in for country to redeploy internally

by Robert L. Genillard

The 1975 budget foresees receipts of \$840,500m (\$9,400m), more than double 1973 revenues. During the current year, the Government will have available \$13,000m (\$3,000m) of excess funds for external investment. This is expected to rise to \$16,000m (\$3,700m) in 1975.

The newly created Venezuelan Investment Fund will be one of the principal beneficiaries. The funds will also be used for repayment of foreign debts and aid to international development agencies. Development aid and contributions to international financial bodies this year have been made at a rate in terms of gup which puts Venezuela in a class by itself.

The foreign debts of Venezuela and of its various government departments on July 31, at \$3,500m for municipalities over one year and \$2,000m

in shorter maturities, for a total equivalent to \$1,300m. It is expected that the Government will pay off most of its foreign debts soon. While this would represent a logical and non-inflationary use of excess funds it can be readily seen from the above figures that such a move will use only a small part of the excess funds which are accumulating.

The *embarras de richesses* and the resulting investment policies to be decided upon by Venezuela are not as easy a problem to solve as those in the reverse position may think. Investing too quickly could lead to ill-conceived projects and hurt the economy. On the other hand, the time left to put in place a major modern industrial economy may not be long either. Proved oil reserves in Venezuela have a life expectancy of only 10 to 11 years at

current production levels. There is the famous Orinoco Tar Belt with reserves estimated at five times the total of other petroleum reserves. But it would be imprudent to include the future economic development of such reserves in plans for the next decade. It would not be unreasonable to assume however that the *Compania Venezolana de Petroleo*, the state oil company, with the new financial means at its disposal and the current price of crude, will considerably step up exploration.

Since the 1920s and until a few years ago, new discoveries in Venezuela had consistently permitted the life expectancy of reserves, in spite of a fairly steady increase in production, to be maintained or increased. It is only in the past few years that production has begun to decline. This was

due to a combination of conservationist policies by the authorities and a low level of exploration by the private oil companies whose former ebullience had been cooled by decreasing profitability and the rapidly approaching reversion of their properties to the state.

If one assumes that the price of oil will not drop significantly in the next few years nor that it will be eroded by uncompensated increases in import costs, Venezuela will face the problem of investing about \$4,000m a year at least for the next three to five years. What the amounts will be beyond that time it is unrealistic to attempt to forecast in the present chaotic state of world affairs.

It depends not only on the rate at which Venezuela will generate local projects to absorb excess revenues but on the economic and political health of the world

at that time, as well as on the price of oil *vis-à-vis* other raw materials, foodstuffs and finished products. The failure of conventional economics and economic forecasting has been such in recent times as to create a new sense of humility on the part of all those whose profession requires them to look into the future.

In creating the Venezuelan Investment Fund, the Government has defined its investment objectives and priorities as follows: "To complement the financing of the expansion and diversification of the economic structure of the country, to make income producing investments outside of Venezuela with the aim to preserve the value of such assets and to develop programmes of international financial cooperation."

In the short run, the external investments will have to be essentially financial and will therefore contribute to the much discussed and needed recycling of petrodollars. In the long term, however, there are sufficient industrial projects to take up a great deal of the funds available, particularly if the foreign contents of such undertakings are financed by the Venezuelan Investment Fund rather than by usual export finance sources. These include steel, aluminium, shipbuilding and petrochemicals.

Furthermore, internal financial needs will be stimulated by the resulting increase in investment activity. Additionally under the new investment law important segments of the non-extractive industry will have to be "Venezuelanized" with foreign ownership reduced to 20 per cent and in some cases eliminated. This will require capital. The final reversion of extractive industries to the state will likewise cause a substantial outlay of funds to foreign owners.

The ability of the local capital market to grow into a centre for international financing will clearly be enhanced by all of these developments. Nevertheless, capital formation in the private sector is unlikely to outgrow internal needs for some time. Therefore, unless official encouragement and financial support is given by the public sector, it is unlikely that frequent large-scale flotations of debt issues for foreign borrowers will take place on the local market, even though it already is well developed.

In summary, Venezuela will, in the short run, be an important exporter of capital. It appears unlikely, however, that the rate of external portfolio investment will be maintained at present levels for more than three to five years, by which time national as well as some international projects with a Venezuelan link

The author is chief Credit Suisse White London, and vice-president of White Weld in New York.

## Development of strong exporting capacity for secondary industry

by Avison Wormald

For more than 40 years the policy of successive Venezuelan governments, as far as secondary industry was concerned, has been one of import substitution, relying principally on oil for virtually the whole of its export income. For a less developed country with important raw material resources this is the classic pattern.

Normally it would be supposed to lead to low-quality consumer goods, produced in small factories with rudimentary equipment, and therefore with high costs. Prohibitive tariffs would be relied on to protect this basically uneconomic situation.

No doubt there has been excessive protection in Venezuela, but this picture is almost the mirror image of that which exists. This is principally because quality, and to some extent price, standards were established by high grade imports, paid for the abundant oil income, before the import substitution programme was initiated. Industrial development has also been much more recent than in the case of most developing countries in Latin America, and consequently plants tend to be larger and more modern than would otherwise be the case.

There is thus a considerable concentration of industry rather than the more familiar pattern of dispersal. The largest group is probably that of Señor Eugenio Mendoza, the founder of Venezuelan industry, but there are also several other powerful groups, working with some of the largest American and other multinational companies. Quality standards have therefore to be high, and indeed many products have to compete with a considerable flow of more or less illegal imports.

Labour rates also tend to be high, with the oil companies setting the pace, but on the other hand power is abundant and cheap and the infrastructure considerably above the average in South America. There is an important effort to improve labour skills through the national institute for vocational training, and there is an intensive management training structure. Most of the universities, but especially Carabobo, in the industrial centre of Valencia, have

management training facilities, and there is a post-graduate business school IESA, in Caracas, which is now staffed almost entirely by Venezuelans who have taken their post-graduate business degrees in the United States.

In addition many young men and women are sent abroad to study in the United States or Europe by private industry or the Government. This has been an extensive and enlightened programme, so that training is hardly a problem. However, because of the fairly recent origin of industry and the rapid growth, there is a lack of experienced, as distinct from trained, management.

With many raw materials in abundant local supply, Venezuelan industry is therefore in a much better export posture than one would suppose at first glance. Profit margins, however, have tended to be some of the highest in the world, and it is probably this more than costs or quality which have tended to cause the somewhat pessimistic attitude towards the competitive ability of Venezuelan industry. The overvaluation of the currency is also a factor of great importance.

The principal industries are car assembly, china and glass, textiles, food processing, paint and varnish, leather, tobacco, furniture, and alcohol, principally rum. Car assembly is located in the bright and bustling town of Valencia on the coast, and this is a rapidly developing centre for light industry, with new trading estates on the British model providing all its facilities.

It has a good port facility at Puerto Cabello near by, and is close to Caracas, connected by a four or six-lane highway, engineered to the highest international standards. Other important centres are Cumana in the east for tobacco, Barquisimeto, the capital of the Llanos or plains, and the oil capital in the west, Maracaibo, which is also an important port. It is likely that the centre of the government-owned steel-making plant, the Orinoco basin, will also become a centre for metal processing.

Since the importance of exports was first emphasized, in the fourth national plan, expiring this year,



Many raw materials are in abundant local supply. Above: aluminium ingots awaiting shipment. Right: a mountain of iron ore awaiting transport to ships which will carry it to foreign markets.

there has been a considerable increase in the exports of secondary industry, but from a low base.

An increase of about two and a half times was planned in the four years, compared with about four times for agricultural exports (excluding coffee and cocoa). As industry is estimated to operate at only about 60 per cent capacity, there is obviously plenty of manufacturing capacity to take care of this increase in production. Shift working is only common in a few larger establishments.

The main deterrents are not therefore production, but tend to be a lack of export orientation, administrative difficulties arising in some cases from the efforts of the administration to assist exports—and a lack

of the institutional framework, such as export credits, insurance, shipping, market research, as well as the two important factors already referred to, the high profit margins on the home market and the overvaluation of the currency.

At the time the fourth plan was compiled the basic reason for increasing exports appeared to be that Venezuela was excessively dependent on the oil income, and had had some difficulties in negotiating sufficient sales with its principal customer, the United States. Since then many things have changed, particularly the price of oil. More recently therefore the planners have tended to emphasize other factors, particularly the need to create jobs.

The population is increasing rapidly, and while employment is not high by South American standards, most of the capital investment is going into large-scale, capital-intensive industry, important for the up-grading of Venezuela's raw materials and future export income, but not providing many jobs except in the construction phase. There is a good deal of evidence that the limits of import substitution are being reached, and there is a strong tendency for capital to be placed abroad in the absence of attractive openings at home.

All this seems, therefore, to point to the development of a strong exporting capacity for secondary industry, which would also have ambitious targets of the

advantage of producing a more competitive structure, and enabling the economy to be made less dependent on protection.

At about the same time as the fourth plan was being completed, the government planning agency, Cordiplan, commissioned from the United Nations a report on the export possibilities of non-traditional secondary industry, and this has recently been published, although it appears to have been written about two years ago, and a good deal of action has already been taken on it. It is a fascinating piece of analysis, using the latest knowledge of development economics.

Surprisingly enough the main conclusion of the report is that the apparently ambitious targets of the

fourth plan are much too timid, and that the export potential is much higher than estimated. However, the report is more conservative on the scope of the attitudes of business men, on government policies and certain structural features of industry.

Perhaps indeed too much so, because action was taken about 18 months ago to abrogate the anachronistic trade treaty with the United States, which is recommended in the report, and a system of tariffs has been substituted for the maze of tariffs and quantitative restrictions which existed previously. There is also some progress towards improving the institutional framework. The overvaluation of the currency while it is approved as a means of get-

ting the best receipts from oil, is shown to be a considerable handicap to exports of manufactured goods, and is probably at least equivalent to 30 per cent on the value of goods exported. Some elegant and interesting measures to reduce the effect of this are already declared that the currency will not be revalued, so that some measures will undoubtedly have to be taken.

This situation is rendered more acute by Venezuela having joined the Andean Pact, which includes several chronic inflation and successive devaluations. This would expose Venezuela to a serious situation unless counter measures were taken.

The structure of any industry in Venezuela will be affected by the Andean Pact in so far as the intention that cases of industries in a large market, particularly in certain products has not gone beyond mechanical engineering industry, but it is interesting to cover a number of industries, and the already a good deal of horse-trading.

Venezuela, among things, is hoping to motor assembly plant in this respect the Pact is much more concrete than the EEC remains to be seen whether progress will be any faster than the pace integration of the European countries.

## Small fishing port becomes second largest city and economic backbone

by Susie Morgan

Since 1918, when Maracaibo was a small fishing port on Lake Maracaibo with 18,000 inhabitants, it has grown to become Venezuela's second largest city, of some 69,000 inhabitants, and the economic backbone of the country. The key to both its size and importance has been the discovery of oil in some 60 years ago, and today the Maracaibo district accounts for about 75 per cent of total Venezuelan oil production.

World attention was first drawn to Venezuela's petroleum potential in 1922, when Shell discovered an oil well on the North-east shore of Lake Maracaibo. The well—Barros Number Two—ran wild for 10 days, producing an average of 100,000 barrels a day before being brought under control. Four years later, drilling off shore in the shallow lake waters led to the discovery of the Lagunillas field, which is still exploited and remains one of the biggest in the country.

On the western side of the lake, but far to the south near the Colombian border, the Casigua field was found in 1915, although production was delayed until 1930 when a pipeline was laid to the lake shore. Two other large oil deposits, the La Paz field in 1922, and Concepcion in 1924, were subsequently discovered in the north of the lake, near Maracaibo city. Thus now, an area which once witnessed naval battles for Venezuelan independence bristles with oil derricks

and has the appearance of science fiction.

More than 96 miles long and 75 miles wide in places, the lake is composed of 5,000 square miles of semi-saline water which enters the sea by a narrow strait between two and eight miles wide, and 34 miles long. Across its mouth is the bar of Maracaibo, and it is now traversed by the General Rafael Urdanete bridge—a five and a half mile engineering miracle which is the largest span of prestressed concrete in the world. It provides a major link between Maracaibo and eastern Venezuela.

Not only is Maracaibo, the capital of Zulia state, a thriving and dynamic boom town, but the surrounding area is also becoming an increasingly important agricultural zone. Three quarters of Venezuela's milk and dairy products come from the region, coffee is exported from the Sierra Nevada de Mérida to various countries, and shrimps go from the coastline to the United States.

Agricultural success is based on the combination of high temperatures (a mean of 86° F), high humidity, high rainfall and good natural irrigation. Oil has naturally had a beneficial impact on the development of manufacturing. This can most clearly be seen in the expanding petrochemical industry, whose most recent development is the nine-acre plant El Tablazo complex, situated outside Maracaibo. Nourished in part by the use of natural gas which was



The General Rafael Urdanete bridge, at five and a half miles the longest span of prestressed concrete in the world, links Maracaibo and eastern Venezuela.

previously burnt off, it is 224,000 tons of olefines (150,000 tons of ethylene and 94,000 tons of propylene) a year, an installation to manufacture 40,000 tons of chlorine and 44,800 tons of caustic soda annually, and a new port distribution centre. By mid-1972, invest-

ments there had totalled more than \$100m. The complex is being developed by the state agency, Instituto Venezolano de Petroquímica (IVP), which will also combine with IVP, and costing \$650m, the speed and scope of development in what is becoming a secondary industry, of among other products, posed as Venezuela's in-

trial units. Most of these 594,000 tons of ammonia. By enterprises should be operational by 1975. For example, ammonia plant was only completed in half-finished.

Some impression may be gained from the above of the speed and scope of development in what is becoming a secondary industry, of among other products, posed as Venezuela's in-

the needs of an ever-larger productive sector.

Although more than \$57m have been ploughed into port expansion and improvements, more will be required to cater fully for extra shipping, and to overcome labour difficulties. This is particularly the case

industry of the future. But with such growth come many problems. There is serious concern about the high level of pollution in Lake Maracaibo.

Maracaibo, Fedemeras, a government agency, has informed the nation that more than \$154m were invested by the oil industry, between 1963 and 1973, in pollution control in the lake. Recently one of the largest petroleum companies has contracted the services of the Battell Institute in an effort more effectively to preserve the water's flora and fauna.

In the city of Maracaibo, rapid urban expansion has led to many difficulties. Lack of planning has produced severe distortions in its development, such as traffic congestion in the narrow streets of the old colonial part of the town especially near the docks.

Moreover, inadequate housing, sewerage, waste-disposal, and other services, must all be rectified. In general, the development of the city's infrastructure has not kept pace with its increasing size. What is required is an overall plan for the integrated development of both port and city, to create a unified structure capable of sustaining, without inefficient congestion, the needs of an ever-larger productive sector.

Overall, it is to be hoped that the growth of Maracaibo and around Maracaibo will absorb surplus labour, while Venezuela not kept pace with its increasing size. What is required is an overall plan for the integrated development of both port and city, to create a unified structure capable of sustaining, without inefficient congestion, the needs of an ever-larger productive sector.

since most of the country's oil exports leave from Maracaibo, and facilities are created to handle this industry.

Furthermore, those which do exist for port-city development not yet been fully worked out. One result has been the expense of some of the certain internal communications difficulties. Externally, however, road network is well developed, and is expanded considerably to integrate Maracaibo with the rest of the country. Hence the Mene Gra Ceuta project will connect the linkage on the coast of Lake Maracaibo while the Autopista del marajo will connect the Tablazo complex with Maracaibo city.

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# Venezuelan Oil: Facts and Policy

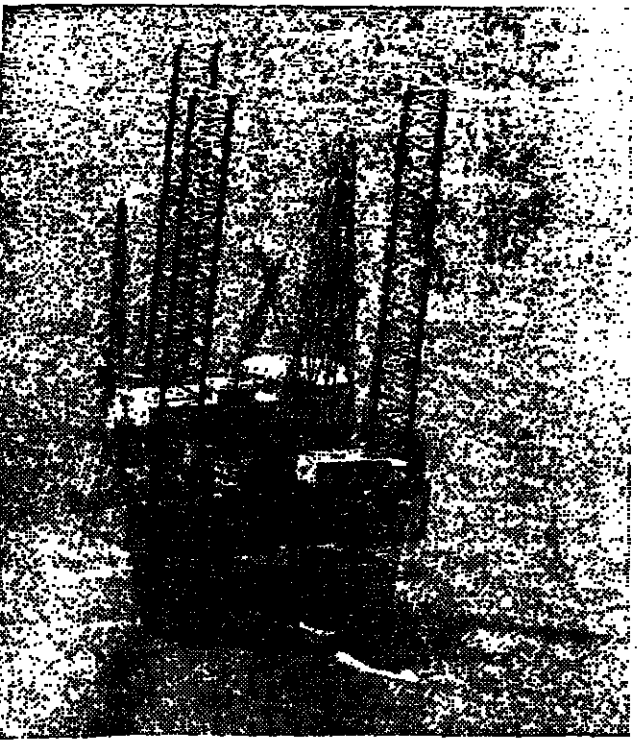
## Oil-bearing Resources of Venezuela

Venezuela has now been an important producer of oil for several decades. As such, the country holds a leading position in the world, and the Venezuelan Government has taken steps to ensure that its resources are managed in a responsible manner. The deposits of hydrocarbons located in the country's bearing basins.

A recent years, mainly as a result of the promulgation of the governing Properties subject to Reversion in Hydrocarbon concessions, a marked expansion has taken place in the exploration programmes carried out by the oil companies. This has led to a progressive increase in the reserves of hydrocarbons, and Venezuela now possesses some 20,000 million barrels of petroleum; excluding the remarkable potential of the Orinoco belt, continental shelf, and the land areas which have not yet been adequately prospected. The volume of oil lying in these zones is estimated at approximately  $1 \times 10^{12}$  barrels.

As far as prospecting is concerned, more than 46,000 kilometres of seismic lines have been covered during the period 1969-74, comprising both the continental shelf and land areas. Of this, 28,500 kilometres were surveyed during the last three years as a result of the prospecting activity carried out by the State enterprise and the coming into force of the Law already referred to.

There are 7,500,000 hectares suitable for prospecting on the continental shelf; 6,000,000 of these have been covered by the seismic surveys already mentioned, and the remainder are currently being surveyed. Some 1,000,000 hectares of this total were



1. Corp. Venezuela Petroleum offshore rig involved in Gulf of Venezuela.

the subject of exploratory drillings in the La Vela gulf, and

There are 7,000,000 hectares of potential oil-bearing land in Venezuela, of which about three-quarters have been given positive results during preliminary surveys which were discontinued for reasons such as deposits of gas, difficulties of access at the time of exploration, poor quality geophysical analyses, ignorance of current techniques, heavy quality oil, etc., but which offer attractive prospects in the light of modern prospecting techniques and the new price levels for oil.

In the oil-bearing belt of the Orinoco, about 7,500 kilometres of seismic lines have been surveyed, covering an area of 1,800,000 hectares, and leaving 1,300,000 hectares for further surveys. This exploration has been supplemented with a programme of stratigraphic wells carried out by the national government. The oil-bearing belt of the Orinoco is now producing some 150,000 barrels of oil daily with conventional methods.

As regards test drillings, 374 wells were sunk during the same period 1969-74. Of these, 232 gave productive results—equivalent to a success rate of 61%. In view of the increasing additional reserves of the order of  $2,500 \times 10^6$  barrels, it should be emphasized that many of the structures identified by geophysical methods have not yet been evaluated by drilling. The national government is implementing an energetic policy of exploratory drillings with effect from the coming year. The volume of the original reserves of oil deposits in the concession areas is of the order of  $250,000 \times 10^6$  barrels of oil, about 12% of which has been successfully exploited. This indicates that there are large quantities of oil still awaiting extraction.

The reserves of natural gas extractable in the country amount to some 38 billion cubic feet ( $38 \times 10^{12}$ ), a figure which falls far short of the actual position, since until now it has covered only the reserves of gas associated with crude oil. Venezuela of value of natural gas as a result of its many uses as a source of energy, and for petrochemical and other purposes, the national government has taken particular interest in the assessment of this important resource, and is accordingly carrying out appropriate studies with its teams of technical experts recognized as such both by foreign and national enterprises of standing, in order to arrive at an exact computation of the real amounts of the reserves of natural gas available to the State of Venezuela. The preliminary results of the surveys in progress suggest that the figures for the reserves will at least be doubled.

### POLICY OF CONSERVATION OF HYDROCARBONS IN VENEZUELA

#### 1. General exposition of policy of conservation

The basic importance of hydrocarbons in modern society presupposes that maximum extraction and prevention of wastage of the oil and gas resources are the primary objectives in the exploitation of the deposits. The obligation to use methods of extraction designed to obtain maximum yield whilst avoiding physical wastage is a public duty that must be considered fundamental by all those who work in the oil industry under national supervision.

Within the present system of free trade, in which every enterprise has the right to seek legitimate profits, the need to obtain maximum yield and to prevent wastage in the exploitation of irreplaceable natural resources requires the utilization of whatever methods or auxiliary processes achieve this effect, regardless of whether or not they produce a monetary return. This means that when exploiting deposits of oil and gas, the use of auxiliary methods such as maintaining or restoring pressure by the injection of fluids, storing the gas in the deposits, and extraction of the natural gas in subsidiary plants is fully justified and is compulsory for legal reasons of public utility and the national interest, even though in many cases the only result is a small increase in the final yield or merely the avoidance of physical wastage of hydrocarbons while the return barely covers the investment made and the operating costs. The use of such methods is therefore considered an integral part of the policy for conserving oil and gas sponsored by Venezuela.

#### 2. Concept of conservation

In Venezuela, the term conservation of hydrocarbons is understood in its widest sense and includes utilization of the energy originally existing in the deposits and their surroundings to obtain the maximum economic yield of hydrocarbons, complete and satisfactory utilization of the gas produced in the area, and the obtaining of the most favourable prices for the crude oil and its products. The policy of conservation is the basis of efficient oil and gas production.

#### 3. Development of Secondary Recovery

The use of methods for the secondary recovery has acquired increasing importance, since this is a positive and highly economical way of augmenting the reserves of existing hydrocarbons in view of the fact that the cost of producing a barrel of oil is now generally much higher than formerly. For purposes of secondary recovery, the country now possesses 54 gas injection plants with a daily compression capacity of about 4,000 million cubic feet of gas for injection in 180 oil deposits. As a result of this type of injection, additional recovery of more than 4,000 million barrels of oil can be expected. As regards water injection, there are at present 60 plants with an injection capacity of about 3 million barrels daily available for 88 oil deposits. The additional recovery expected from this type of injection exceeds 3,000 million barrels of oil.

In addition, it is worth pointing out that there are 15 plants in existence for processing natural gas and one for the cracking of condensates with a total daily processing capacity of more than 2,000 million cubic feet of gas.

#### 4. Utilization of Gas

Production of natural gas in Venezuela in the first nine months of this year was 1,250,000 million cubic feet; of this, 48.81% was recycled in deposits adapted for gas injection, 28.50% was used for fuel, and other purposes, and 22.69% was lost as waste.

The national government has followed, and continues to follow, a policy of complete utilization of the gas produced within its territory. This normally involves taking steps to seal off the quantities of associated gas and the corresponding volumes of oil when the gas is not efficiently utilized during the extraction of the oil. As an indication of the effectiveness of adhering to and constantly improving this policy, it may be mentioned that during the 14-year period 1959-73 it was possible to reduce from 518 to 420 the quantity of cubic feet of gas lost per barrel of oil produced. As a result of the emphasis recently placed on the utilization of gas, however, this figure of 420 cubic feet lost has been further reduced to 267.

Finally, the Venezuelan Ministry of Mines and Hydrocarbons has drawn up new conservation measures during the last quarter of 1974, with the object of still further reducing the waste of gas and reaching by early 1975 a figure of 98% for utilization of total gas produced.

#### 5. Potential production of oil

The API gravity for our heavy oil ranges from 7.0 to 22.0; for average grades the range is from 22.1 to 30.0, and for light grades the gravity is more than 30.0.

The country's total potential production of oil was estimated as 3,450,000 barrels daily on 1st January 1974. The level of the country's potential oil production is estimated to be 3,450,000 barrels daily, with the investments which are taking place in the oil industry for sinking new wells and for activities designed to stimulate production per well in the drilled areas. The estimated potential production of heavy crude oil in Venezuela reached some 1,013,000 barrels per day in January of this year. The potential output of medium-grade crude oil at the same date was approximately 1,250,000 barrels per day, and the corresponding figure for light crude oil at that date was 1,147,000 barrels per day.

The country's total production potential basically comprises 29%, 35%, and 33% of heavy, medium and light oils respectively; whereas the production percentages for the same types of crude oils were 21%, 53% and 26%.

The country's average current oil production reaches approximately 3,000,000 barrels per day.

The Venezuelan government plans to maintain the country's total oil production at between 2,900,000 and 3,000,000 barrels per day during the next five years. This will require a capital investment during that period of 10,000 million bolivars, in order to offset declining yields from the deposits, and to implement secondary recovery programmes. This expenditure does not include the special investments which will be necessitated by changes in refining standards, or by State participation in future petrochemical plans.

### REFINING

The refining industry in Venezuela has an installed operating capacity of 1,550,000 barrels per day; which, 1,040,000 are concentrated in the two refineries forming the largest refinery complex in Latin America, situated in the city of Puerto Fijo in the Paraguana peninsula.

In 1949, the refining industry possessed an installed capacity of 150,000 barrels consisting of primary distillation plants. During the last 25 years, the volume of this initial capacity has increased tenfold and a degree of complexity has been reached which rates the investment as equivalent to a primary distillation capacity of approximately 3,200,000 barrels.

The capacity of the processes which comprise the Venezuelan refining industry are as follows:

Process	Input of crude oil or fractionated oil (barrels p.d.)	Other types of input
Atmospheric distillation	1,550,000	
Catalytic reforming	8,500	
Hydroforming	13,000	
Hydrofining	13,000	
Hydrosulfurization (atm. dist.)	104,000	
Vacuum distillation	484,900	
Hydrosulfurization (vac. dist.)	225,000	
Sulphur recovery		720 m/t p.d.
Catalytic cracking	50,000	
Alkylation of isoparaffins	6,555	6,400 barrels p.d.
Production of lubricants	50 m/t p.d.	
Reduction of viscosity	116,000	
Conversion of naphtha gas for production of hydrogen	3,438,000 m3 p.d.	

During 1973 the Venezuelan refining industry produced the following percentage yields of refined products:

Product	Yield (Vol. %)
Petrols and naphthas	1.62
Turbine fuels and kerosene	4.62
Diesels	12.23
Residual low sulphur-content fuel	16.47
Residual high sulphur-content fuel	47.32
Bitumen	1.10
Lubricants and lubricant distillates	0.90
Liquid gas	0.75
Other	2.58

Bearing in mind that the pattern of the refining industry produces high yields of residuals with a high sulphur-content which are difficult to place on the international market, and that conversion of these products to others of greater commercial value would make a substantial contribution to increasing the receipts from exported hydrocarbons, the State of Venezuela has been studying directed towards a transformation of the present system of refining. The studies in hand will in fact tend to establish the nature of the existing technologies for processing in a competitive manner the high sulphur-content residuals and residues produced in the Amuay and Cardón refineries which constitute the Paraguana complex, and attention is being given to various projects aimed at setting up processes for the production of raw materials for the development of the petrochemical industry. These projects envisage an initial investment of the order of 3,000 million bolivars, and specialized labour requirements totalling some 7,000 men for the work of constructing these installations. Furthermore, and outside the scope of the above plans, studies are in progress for the construction of a refinery designed to produce raw materials for petrochemical plants which will use heavy crude oils from the basin of Lake Maracaibo, and there are plans to construct a refinery for processing heavy crude oils from the oil-bearing belt of the Orinoco.

To sum up, it can be stated that the Venezuelan refining industry has had a record of continuous growth over the last 25 years. The basis for this has been the installation of plants of medium complexity and the utilization of conventional techniques, but the industry's subsequent development will encounter big technological challenges that will mean drawing support from the most sophisticated technologies and that will require the large-scale participation of the most highly qualified staff that it is possible to find.

### THE ORINOCO PETROLEUM BELT: ONE OF THE WORLD'S LARGEST HEAVY OIL DEPOSITS

The Orinoco Petroleum Belt is, geographically, the northern hinterland of the Orinoco river between the cities of Calabozo and Tucupita. Geologically, it occupies a large part of the Southern flank of the Eastern Venezuelan Basin, a sedimentary depression situated in the north-central and northeastern parts of Venezuela.

As at present defined the Belt measures approximately 370 miles from East to West and an average 35 miles from North to South, encompassing an area of some 15,000 square miles. It is easily accessible and possesses several favourable features, especially in the eastern half of the area: the terrain is excellent and supporting facilities such as water, electric power, light industry and ports are within easy reach. Along the northern edge of the Belt lie several heavy-oil producing fields.

The first exploration well in the Orinoco Petroleum Belt was drilled in 1935. Subsequent activity was, however, very erratic, and by 1961 only 42 wells had been drilled in this huge area, most of them along its northern fringe. These wells indicated the presence in the Belt of appreciable thicknesses of sands containing heavy oil with gravities ranging from 8 to 12 degrees A.P.I.

For this reason the area was originally called the Tar Belt. However, drilling done in the last five years with more modern techniques has revealed the presence of lighter crudes thus meriting the change of name.

From the information furnished by the 42 wells it was estimated that the total oil-in-place in the Orinoco Petroleum Belt was of the order of 700,000 million barrels, the figure which was reported

to the Seventh World Petroleum Congress in Mexico City in 1967, and which, by way of comparison, was over three times the amount of crude oil discovered, to that date, in all of the known reservoirs in Venezuela.

In view of this vast potential, and the circumstance of a more favourable price structure coupled with the development of methods for the economic extraction of heavy oils, the Venezuelan Government decided that the development of the Orinoco Petroleum Belt was imperative. Accordingly, since 1970 a project has been in progress which comprises three main phases:

1. Exploration by geophysical and geological methods.
2. Appraisal and ranking of production techniques.
3. Commercial development and operations.

The project is being carried out under the auspices of the Ministry of Mines and Hydrocarbons in collaboration with the Corporación Venezolana del Petróleo, a state-owned company.

The geophysical phase, begun in 1970, will eventually cover the Belt with a wide grid of seismic lines, with additional, more closely spaced lines in the potentially more promising areas from the point of view of oil accumulation. To date some 5,700 miles of seismic lines have been surveyed, and other 5,000 miles are planned. The geological exploration consists in the drilling and logging of stratigraphic test holes on a pattern based on the seismic data. The main purposes of this drilling are to gain more information on the lithological changes, oil-sand thickness and petroleum occurrence in the Belt. Since its inception in 1973 some 30 holes have been completed for a combined total of 55,330 feet drilled. A minimum of 60 more holes are on programme.

The phases of production and development are as yet in the research stage.

The eventual production from the Orinoco Petroleum Belt is expected to be of the order of at least one million barrels per day of 1 to 15 degrees gravity crude from the eastern portion of the area, where the major investigation effort is taking place. From the information so far gained it is evident that various methods of production will have to be used, principally: primary depletion with stimulation by steam soaking and oil-soluble chemical floods with the use of steam or water, with or without chemicals; in situ combustion; the use of diluents. Currently, production tests are being carried out in the field.

A final word on the potential of the Orinoco Petroleum Belt: well data obtained through the recent stratigraphic drilling has permitted a revision of the parameters used in the calculation of the estimated oil-in-place figure of 630 thousand million barrels published in 1972. The application of the new variable values to a Monte Carlo computer model has indicated average figures of the order of 3,500 billion barrels of oil-in-place. This figure is 5.15 times as large as the 1967 estimate. There is sufficient ground for stating that the Orinoco Petroleum Belt is one of the world's largest heavy oil deposits.

### HYDROCARBON RESEARCH

By Law of December 20th, 1972, a fund (FONINVEST) was established, the Ministry of Mines and Hydrocarbons for the purpose of coordinating and financing investigation into matters relating to hydrocarbons and petrochemicals, and for the formation of the necessary technical and research personnel. Further, it is proposed to create a research institute similar to those existing in Mexico, France and elsewhere. This institute will undertake all future hydrocarbon research matters, which in the past had been confined to private institutions outside the country. Top priority will be given to developing techniques for the production and upgrading of the heavy crudes of the Orinoco Petroleum Belt.

One of the most important research activities relates to refining. As the Orinoco crudes are of heavy gravity, the Ministry of Mines and Hydrocarbons has decided to put in hand the assembly of a fleet of oil-tankers capable of transporting the bulk of exports of hydrocarbons. With this in view, the Ministry of Mines and Hydrocarbons has been made responsible for formulating the general outline plans and for taking the necessary steps to create the fleet required.

### THE VENEZUELAN FLEET OF OIL-TANKERS

The Government of Venezuela has decided to put in hand the assembly of a fleet of oil-tankers capable of transporting the bulk of exports of hydrocarbons. With this in view, the Ministry of Mines and Hydrocarbons has been made responsible for formulating the general outline plans and for taking the necessary steps to create the fleet required.

As planned, the Venezuelan tanker fleet will be composed of tankers of 60,000 tons deadweight and a draught of approximately 40 feet. The characteristics will allow them to operate with ease in the main Venezuelan oil ports and the waters giving access to them, and likewise in the main ports to which our exports of hydrocarbons are shipped.

Having regard to the policy of conservation of energy resources followed by the Government of Venezuela, where resources of energy are concerned, the possible levels of production and consumption for 1985 would give an exportable surplus of 1,600,000 barrels per day; the equivalent of 82 million metric tons per year.

To carry 50% of that total, as prescribed by the Law for Protection and Development of the National Merchant Marine, the fleet would have to consist of approximately 21 tankers of the type already described.

Despite what has been said, it is considered prudent to develop the oil-tanker fleet in stages, and it is accordingly intended to begin operations with some 7 tankers. New units will be added, until the agreed objective is reached.

On the basis indicated above, the Venezuelan Ministry of Mines and Hydrocarbons has approached the main international firms specializing in the transport by sea of oil products, and requested tenders for the construction of its tanker fleet.

It has been laid down that all tenders must make provision for offering advisory and other services in matters of organization, systems and procedures, engineering, insurance, staff administration, and international law related to the transaction.

The tenders must be received before the 30th November of this year. They will be analysed and studied by a group of qualified technical experts to ensure that the decision taken best reflects the country's interests.

### Venezuela and OPEC

As is generally known, Venezuela has played an important part in furthering the activities carried out by OPEC to safeguard the interests of producer countries.

In company with Saudi Arabia, Kuwait, Iran and Iraq, Venezuela founded OPEC in 1960, as a consequence of the action taken by the oil companies to make a second unilateral reduction in the prices of oil. The first price reduction was in 1959, when, following the procedures established for previous consultations with the producing countries, all that the latter were requesting in this instance was simply that they be given appropriate explanation beforehand. The price reductions carried out without consultation by the oil companies in 1960 in fact constituted a challenge to the sovereignty of the producing countries which made the creation of OPEC an active issue. Since then, the producing countries who are members of OPEC have accordingly taken joint action in defence of their interests. Venezuela is proud to have taken an active part in all the activities of this organization. Day by day, OPEC has become an object lesson for the countries of the Third World which in common with the members of OPEC have suffered from the centuries old trend towards a deterioration in their terms of trade—the basic cause of their progressive impoverishment and of the widening of the breach between the industrialized and the under-developed countries.

### Export Values

The sixties and early seventies were marked by a continual fall in the prices of our oil. From an average of 2.11 dollars per barrel obtained for our exports during 1960, the price declined to 1.61 dollars per barrel in 1969.

Whereas falls were taking place in the prices of our hydrocarbons, however, the prices of the manufactures that Venezuela was acquiring from the industrialized countries were showing steady increases.

1970 saw the reversal of the period of sustained erosion of oil prices. The demand for crude oils and oil products increased to an extent that exceeded all predictions, leading to higher prices firstly for the residual fuels, and later for other oil products and crude oils. On the other hand, this unexpected good fortune was not reflected in the export prices for Venezuelan oil, thereby leading to an amendment of the income tax law by the National Congress. The new law, which was approved on the 15th December 1970, authorized the National Executive to fix the export prices for Venezuelan hydrocarbons unilaterally, and replaced the progressive tariff previously applicable to income from oil products with a single rate of income tax fixed at 50%. Complying with Resolution XXX-120 approved by OPEC at the Caracas conference held from 8th to 12th December, 1970,

and in accordance with the terms of the revised income tax law, the National Executive fixed the export prices which would have to be adhered to from the 18th March 1971 until the end of that year. The entry into force of these export prices increased the rate levied by 26 cents per barrel, bringing it up from 0.99 dollars per barrel in 1970 to 1.25 dollars per barrel in 1971.

In December 1971, Venezuela fixed the export prices which would be obtained for the fiscal year 1972. The average export price for that year reached 3.02 dollars per barrel; giving rise to a tax figure of 1.55 dollars per barrel, or an increase of 30 cents per barrel as compared with the previous year.

In October 1972, Venezuela published the export prices for the year 1973. As a result of the devaluation of the dollar, coupled with the varying circumstances and factors which characterized international trade in hydrocarbons during 1973, Venezuela adopted a new dollar-dollar parity (changing the rate from 4.30 to 4.20 bolivars per US \$), and laid down new export prices as from 13th March 1973 and for August, September, October, November and December of that year. The prices fixed during 1973 averaged 4.42 dollars per barrel; with a corresponding taxation rate of 2.43 dollars per barrel, equal to an increase of 0.88 cents compared with 1972.

Towards the close of December 1973, the export prices to be enforced during 1974 were fixed. These remained in effect only for the first half year, since from the 1st July onwards new export prices were laid down on the lines prescribed by OPEC. Up to August 1974, average export prices reached 14.25 dollars per barrel.



2. Shell Oil Co. Refinery—Cardon.

By fixing export prices according to OPEC principles, controlling the royalty by means of the export prices, and increasing the single rate of tax on earnings to 63.5% (this last step being in accordance with the OPEC Resolution of September 1974), Venezuela has achieved an average level of taxation of the order of 9.0 dollars per barrel, and a State/private enterprise ratio of 97/3.

### NATIONALIZATION OF THE OIL INDUSTRY

After almost 50 years of activity in the industry under the traditional system of concessions, and taking account of the experience and knowledge acquired over that long period, the oil industry was established in the country together with the justified belief that oil would for many years continue to be the mainstay of the economy. The President of the Republic, then in office, Rómulo Betancourt, created on the 13th April 1960 the Venezuelan Oil Corporation, thus founding the first State-owned oil enterprise, and satisfying a legitimate aspiration of the people of Venezuela. The Corporation, which today represents about 3% of the output of the country's hydrocarbons industry, constitutes a brave experiment by the State of Venezuela in the direct management of the hydrocarbons industry and trade in its products.

From that time until now, consciousness of the fact that Venezuela must assume sovereignty and firm control over its fundamental natural resource and the essential basis of its economic activities, has become increasingly widespread in all sectors of Venezuelan society. Recognizing this feeling, President Carlos Andrés Pérez announced to the country on the 16th May 1974 the momentous decision to take immediate steps to rescind the oil concessions which would have been due to revert to the Venezuelan State in the 80s and 90s, without waiting for expiry of the time-limits laid down in the concessions in question. The external and internal conditions required for taking this supreme decision, the President stated, had now come into being.

In order to have a preliminary idea of alternative methods of furthering nationalization of the oil industry and acquiring the properties attached to the present concessions, a special Presidential Commission was set up. Its membership was drawn from all sections of the community and included the Minister of Mines and Hydrocarbons, acting as president; the Minister of Finance, the Minister of Public Works, and the Minister of Planning; representatives of the Congress of the Republic, the Venezuelan Oil Corporation, the Armed Forces, each of the political parties currently on the register of the Supreme Electoral College, the Confederation of Venezuelan workers, the Federation of workers in the oil, chemical, and allied industries of Venezuela, the Venezuelan Federation of Chambers and Associations of Commerce and Production, the Pro-Venezuela Association, the National Banking Council, the National Council of Universities, the College of Venezuelan Engineers, the Federation of Colleges of Venezuelan Lawyers, the Federation of Colleges of Venezuelan Economists, the National Council for Scientific and Technological Research and, in addition, five technicians and experts in the field of hydrocarbons or the economics of the oil industry, appointed personally by the President of the Republic. The Commission will be required to submit its conclusions and recommendations to the National Executive towards the end of the year.

It will be the responsibility of the President of the Republic, having regard to the analyses carried out by the evaluating group referred to, to make a final decision on the manner in which nationalization of the hydrocarbons industry should be implemented.

From this connection, conscious of the gravity of the step to be taken, the National Government is devoting special attention to ensuring that decisions adopted comply with the legal standards in force in the country; such an approach being in accord with the principle that the law of which the State of Venezuela is justly proud. At the same time, steps will be taken to ensure that the oil industry suffers no interruption of its activities.

The assumption by Venezuela of control over its hydrocarbons industry, in full exercise of its sovereignty and in conformity with the law, thus provides the best guarantee of that industry's efficiency and of secure and steady contribution to the development and the peaceful co-existence of the peoples of Venezuela. It is these lofty targets that have always inspired this country's evolution as a nation.

### OIL AND DEVELOPMENT (1971/73) (Million Bolivars)

	1971	1972	1973
F.T.B. (1)	56,968	63,498	76,814
Oil, refining, and natural gas	12,894	14,524	21,878
Share %	22.6	22.9	28.5
P.N.B. (1) Total	53,031	58,858	69,645
P.N.B. Oil	9,744	10,744	15,481
Share %	18.4	18.3	22.2
Ordinary revenue receipts	11,637	12,192	16,054
Contributed by oil	7,684	7,940	11,221
Share %	66.0	65.1	69.9
Total exports	14,558	16,271	24,144
Oil and oil-products	13,479	15,000	22,765
Share %	92.6	92.7	94.3
Population economically active (2)	3,248,731	3,365,303	3,488,513
Oil sector (2)	23,714	23,328	22,674
Share %	0.7	0.7	0.6

See general notes, Economy and Oil.

(1) At market prices

(2) Number of workers

Sources: Central Bank of Venezuela, Ministry of Mines and Hydrocarbons and Ministry of Public Works.



# Guayana: huge iron ore deposits and cheap power help rapid development

by Janet Coates Barber

In the 1960s a prominent Venezuelan intellectual introduced into everyday language the phrase "sow the oil". Nowhere can this be seen to be happening more dramatically than in Guayana. In terms of the wealth of its natural resources, the judicious planning and the large private and government investment which seem destined to use them to the full, this remote region must be unique.

Huge iron ore deposits and cheap plentiful power provide the basis of the rapid development now taking place in the south-east region of Venezuela known as Guayana. The area covers well over 100,000 square miles and reaches down to the Brazilian border in the south. The mining of gold and diamonds and the breeding of buffaloes are other elements in the ambitious overall development.

In 1960 the Corporación Venezolana de Guayana (CVG) was created by government decree to develop the natural resources of this area which is characterized by high savannahs, forested tablelands and wide rivers.

The two largest rivers in Venezuela, the Orinoco and the Caroní, converge dramatically on the once small towns of Puerto Ordaz and San Félix. These have formed the nucleus of the new city of Ciudad Guayana, whose population has grown from about 40,000 in 1960 to 170,000 in 1974. If the development of the whole region proceeds at the expected rate, the population could reach 250,000 by 1980.

CVG came into being with straightforward objectives and a full programme. Decentralization of the national economy, the effective economic use of resources not previously exploited, the provision of stable and remunerative employment and the impact of a favourable effect on the balance of payments, are a few of the broad objectives.

These goals are reflected in about 80 different projects which make up the Guayana programme. Some have been in operation for years and are vital and basic to the development. They include the Macagua and Guri dams hydroelectric power complex. Some projects are in various stages of construction and implementation and others are still on the drawing board.

Until the end of 1973 the Government had invested about \$87,000m in the programme for development. However, the CVG's long-range financial strategy accounts for a decrease in public investment once CVG's initial role in providing the basis for private investment has been fulfilled. After the late 1970s the private sector will shoulder more responsibility for the investment until CVG's commitment decreases to one sixteenth of the required financial input.

The Guri dam lies across the Caroní river 200 kilometres upstream from Ciudad Guayana and the smaller Macagua dam. Costing \$150m to build, it began contributing to the nation's supply of electric power in 1968 with three generators and 525,000 kilowatts.

At the end of the first stage of the Guri's development in 1977, 10 generators will produce 2,065,000 kilowatts, but at the close of the last stage of construction in the 1980s, a total of 20 generators will have a capacity of six million kilowatts, making this one of the largest projects of its kind in the world.

Transmission lines already carry electric power throughout the Guayana region, and to Caracas. But completion of the project it is thought it will provide enough electricity to meet the demands of the whole country.

Iron ore was first mined in a desultory fashion by monks in the eighteenth century in Guayana. However, they evidently made little impression as present reserves may total 2,000 million tonnes of which 54.1 per cent are held in national reserves on five main sites.

One of these is San Isidro and the deposit is being mined by the Siderurgica del Orinoco (SIDOR), a subsidiary of the CVG. In 1972 SIDOR processed 1,138,000 tonnes of iron ore from the San Isidro deposits and produced nearly one million tonnes of steel and 500,000 tonnes of cast iron. The company sold 890,000 tonnes of finished and semi-finished steel products—640,000 tonnes to the domestic market and 250,000 tonnes abroad.

In April 1973 a flat products mill opened and this is the first time that tin plate and alloy sheet steel has been produced in Venezuela. Production in 1973 was scheduled to be 30,000 tonnes. This will increase to 150,000 tonnes by 1977.

This is the first phase of an expansion programme that will cost \$276m and achieve an annual output ultimately of 700,000 tonnes of hot and cold steel plate. Although the flat steel products will be mainly for domestic consumption, export orders will be fulfilled and have been placed by European countries, including the Soviet Union, Iran, the United States and Argentina.

Two major foreign companies have concessions to mine iron ore. The Orinoco Mining Company, a subsidiary of US Steel, mines ore at the famous iron mountain site, Cerro Bolívar. Sixteen million tonnes of ore are exported annually, 40 per cent of the production going to Europe and 60 per cent to the United States. Bethlehem Steel (a subsidiary of Iron Mines) exports four million tonnes of ore a year from the El Pao deposit.

At a cost of \$50m, Orinoco Mining has built a direct reduction plant which reduces the high grade ore to briquettes, with an iron content of 86 per cent. Production will be in the order of one million tonnes a year which will supply the SIDOR plant.

The process uses hydrogen from cheap natural gas mined from the State of Anzoátegui lying to the north and thereby lessens the dependence on the uncertain availability of coking coal for the traditional smelting process.

Direct reduction also eliminates to a large extent the accumulation of waste. However, slag from the steel mills is used in the production of cement by Cementos Guayana. CVG has a 25 per cent share in the company which in 1972 produced nearly 10,000 tonnes of slag cement.

CVG has also gone into partnership with the Lukens Steel Company of the United States to make pre-reduced iron ore briquettes. An initial production of 400,000 tonnes a year is expected when the plant begins to operate in 1975-76.

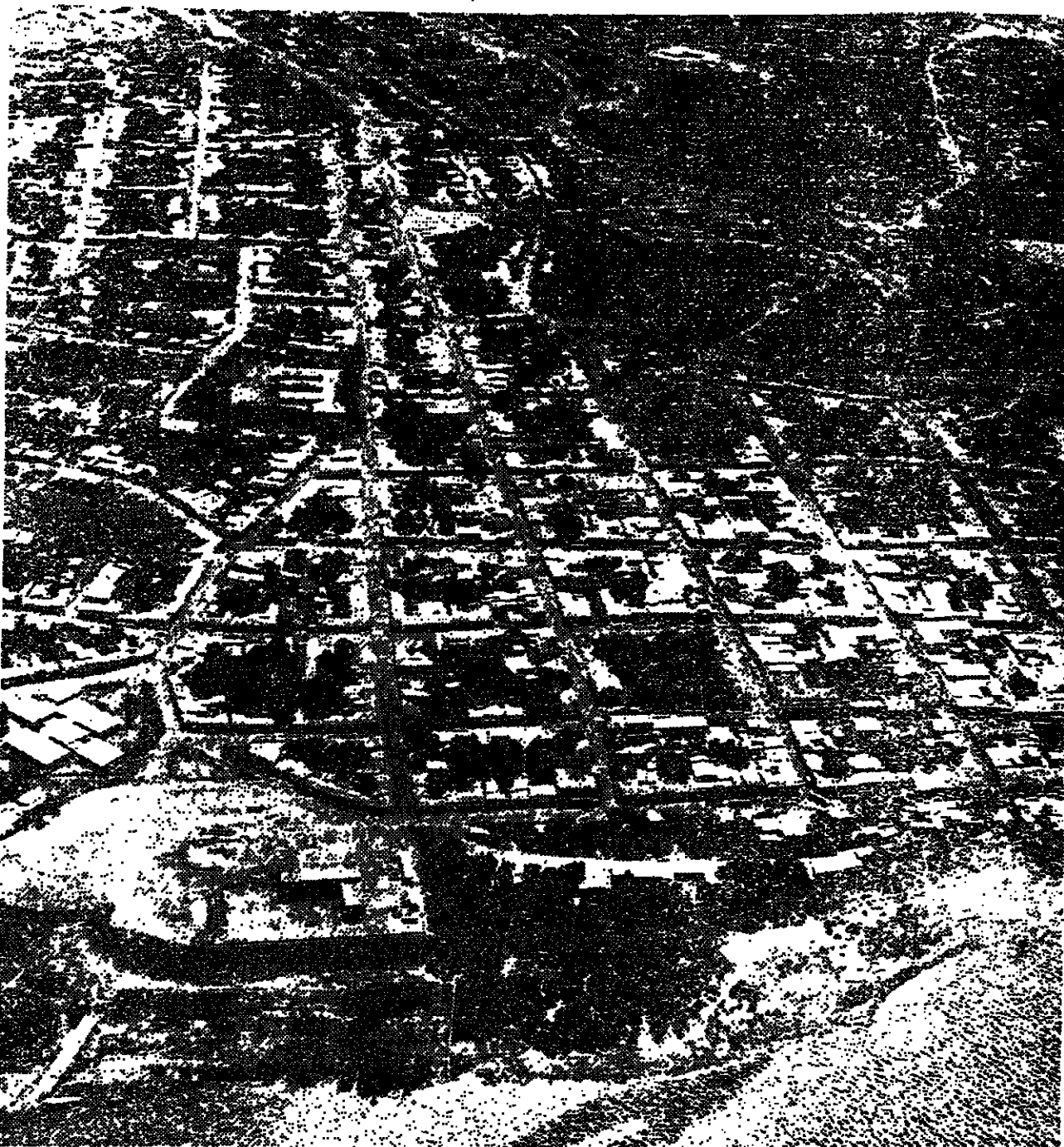
By the end of the decade Venezuela could be exporting 30 million tonnes of processed and unprocessed iron ore annually to the likely value of about \$500m. Bauxite at present imported from Guyana and Jamaica feeds the Alcan alumina plant opened in 1966. Aluminio del Caroní S (another CVG company) is in partnership with Reynolds International Inc and for the past few years the plant has produced 22,000 tonnes of aluminium products annually.

Plans to double the capacity are being implemented in attempts to meet the estimated national demand for aluminium which may reach 50,000 tonnes in 1980. This year a new plant is scheduled to be built with 80 per cent of the investment coming from the Japanese firm Showa Denka and 20 per cent from CVG. By 1979 this plant will be producing 150 million tonnes of aluminium for export to Japan.

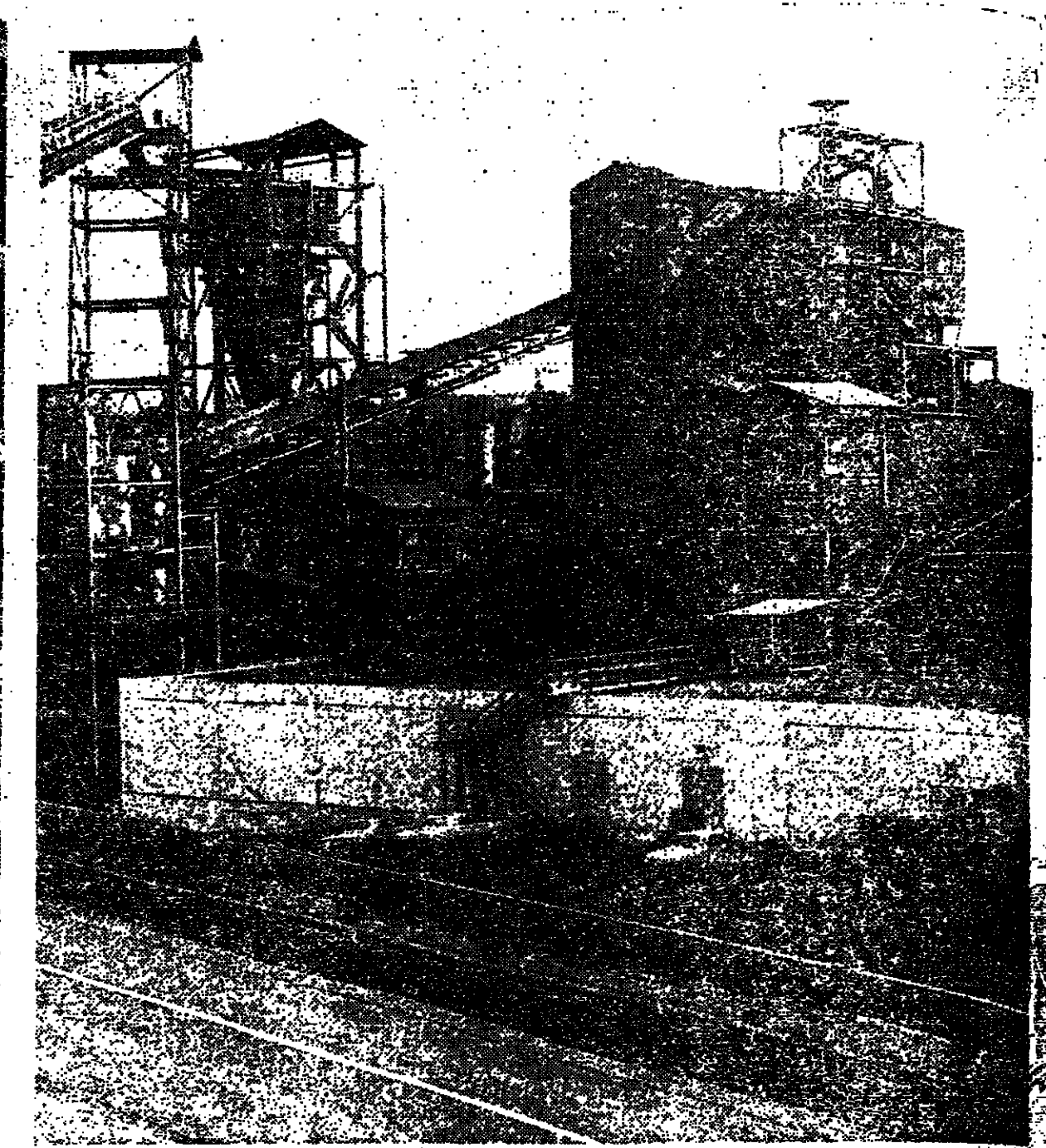
The Orinoco oil bearing zone lies north of the Orinoco river and runs through Guayana state, through Anzoátegui Monagas to the Orinoco Delta, and the reserves in this belt, 33 miles long and 53 miles wide, could contain 700,000 million barrels of oil. The oil already found here has a density of 8° to 13° and is more difficult and costly to produce than the oil found in other fields which has a density of about 25°.

However, 60,000 barrels a day are now produced and it is thought that a total of 130,000 million barrels might be produced by conventional methods. An exploration programme has been continuing in the past three or four years and wells are being drilled by the Ministry of Mines and also by the government-owned Corporación Venezolana de Petróleo (CVP).

The impressive Orinoco river carries iron ore exports downstream to the delta 350 kilometres away.



The new city of Ciudad Guayana whose population has grown from 40,000 in 1960 to 170,000 in 1974. Right: the Orinoco Mining Company's direct reduction plant reduces iron ore to briquettes with a high mineral content.



Steel and aluminium products are also shipped downstream by 150 ships a month of up to 75,000 tonnes. A shipyard is being built on the banks of the river to serve the industrial area of Matanzas, a few kilometres from Ciudad Guayana, where most of the heavy industry is located.

Gold and diamonds are found only in the Guayana region of Venezuela. Much of the gold is mined under concession and in recent years the highest level of production was reached in 1960-64. Since then the production has halved and is absorbed on the domestic market often in the form of jewellery and other fine crafts.

Cut and industrial diamonds are produced in the region, and production of both types has risen substantially in the past few years, mainly because of the discovery of new diamond deposits.

The industrial "bort" diamond used for drills in the petroleum industry has been mined in greater quantities than any other diamond. In 1960-64, 201,208 metric tons were produced, 20 times that of the year 1960-63.

The consolidation of heavy industry will be the basis of Guayana's development some years to come for domestic consumption and for export. Iron ore, steel and aluminium, a metal fabricating industry and producing chemicals are also providing mass exports in the future.

There are no CVG's plans, which have been described as feasible, will not in the early years, Guayana probably be able to provide one of the nation's industries with one quarter of its expanded level of output.

Large reserves of timber in south and east still to be explored

Perhaps half of the area of Venezuela, or about 180,000 square miles, is forested and nearly 30 million acres of tropical forest are found in 10 national forest reserves: 90 per cent of the timber resources in these reserves lie south of the Orinoco.

The cutting of timber also takes place outside the reserve, some of it being under permit but there is unofficial and uncontrolled felling and burning which is destructive and difficult to control.

The demand for firewood is high and timber is also used for furniture, doors, panelling and so on. The building industry relies to a great extent on cement. Many of the most valuable hardwoods have been reaped in past decades, and selective felling of a few remaining valuable species is expensive and impracticable, especially in a country where labour costs are high.

Tropical forests contain great numbers of various woody plant species widely dispersed over huge areas; fewer than 100, have any commercial value as fine hardwoods. More species may be suitable for a pulp plant, but careful selection and cutting still make their use uneconomic in many cases.

The increasing trend towards the planting of exotic species of trees, such as teak, eucalyptus or pine, would seem more appropriate in Venezuela than in some countries.

The Corporation Venezolana de Guayana (CVG) has provided the financial backing for a pine plantation scheme about 20 miles north of Ciudad Guayana at Uvero. The experimental planting of millions of trees of *Pinus caribaea* here has attracted scientists, foresters and observers from a large number of countries.

The land at Uvero is featureless and windswept. Only short, coarse grass covers the more or less infertile plains. The planting of Caribbean pines began in 1969, when nearly a million seedlings from the nurseries were set out. In the following years the planting schedule was accelerated until at the end of last year more than 27 million trees had been planted on nearly 50,000 acres. Pines will ultimately be planted over an area of 370,000 acres.

The planting season lasts for about three months and from September to November last year 14 million small trees were transplanted.

About 700 kilograms of pine seeds are imported each year from the Peten jungle in northern Guatemala. At Uvero they are coaxed with fertilizer, and plastic wrapping is used to ensure straight growth of the seedlings. At six months they are replanted in immaculate rows in the savannah.

Apprehensions about the problems of monoculture have led to a less extent than usual at Uvero. It is thought that the sharp wet and dry seasons may curtail the pest problem. More anxiety is felt about the fire hazard, and plantings of mangoes and avocado trees for fire breaks have been proposed.

The pines grow quickly and at two and a half years some are sold as Christmas trees. The first trees planted will not be mature until 1980s, when those which are 12 to 15 years old will qualify for a pulp plant and those which are 18 to 20 will be used for timber.

The CVG may have viewed an investment of \$80 a hectare (2.471 acres) with some misgivings, but the success of the undertaking so far has done much to reverse the feeling. The corporation has no detailed plans for the use of the timber and wants to be able to supply the most profitable market at the time when cutting begins.

Paper costs \$185 a ton to import into Venezuela and consumption has increased substantially. Most of the country's requirements of pulp and paper are imported from Canada, the United States and Scandinavia. However, a government-owned pulp company is producing about 300,000 tons of paper a year from sugar cane waste and other raw materials to help to meet the demand. It is at present manufacturing industrial pasteboard, cardboard, packing paper and so on but the main requirement is still newsprint.

A pulp plant will soon be operating in Guayana and will be owned and run jointly by the CVG and other concerns which have formed Pulpa de Guayana. The timber resources of the Imataca reserve near by may be used at first to supply the plant. However, the company is more likely to look northward to the other side of the Orinoco at Uvero, and the quickly maturing pines there, for a long-term and consistent supply of timber.

The plantation at Uvero may well have many other interesting and valuable assets. Already it is a wild animals which no threat to the Ocelots, white-tailed gibbons and jaguars, which have been described as attractive habitat.

The young and increasing population of Ciudad Guayana seeking recreation which could walk, be viewed at Uvero, with facilities for viewing. The opportunity could also be made to educate them in the use of the savannah which rounds their new city.

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The young and increasing population of Ciudad



# VENEZUELA

ADVERTISEMENT

## begins its great leap in steel production

On the banks of the mighty Orinoco in the Guayana region of Venezuela stands one of the pillars of this vigorous South American country's social and economic development.

Established in an area known as Matanzas is the Planta de la Siderúrgica del Orinoco — known as SIDOR — a steelworks operated by a Venezuelan state enterprise.

SIDOR was founded ten years ago, on 1st April 1964 and during its brief existence has had to overcome innumerable difficulties. One of these was the fact that Venezuela was short of personnel with steelmaking experience. As a result SIDOR has, both at the Matanzas plant in Venezuela and in plants in other countries, gradually trained sufficient men for the job, and practically its entire labour force at all levels is today Venezuelan. In addition, an agreement has been reached with Peru for a group of Peruvian engineers to spend some time at SIDOR to broaden their knowledge and experience, and they will be followed by engineers from other Latin American countries.

When SIDOR came into operation in 1964 with a production of 360,000 tonnes of steel products, its sales amounted to 243 million bolivares (56.5 million American dollars), which meant that it was running at a loss. It then grew slowly and steadily and by 1968 was beginning to show a net profit.

Over the last few years, as the personnel gradually gained in experience and various improvements were made to steel-making plant and processes, the company succeeded in raising production of crude steel to over a million tonnes a year while the completion of the plant for flat products has made SIDOR a fully integrated steelworks. The new plant cost 1,500 million bolivares (348.8 million American dollars) and once it is fully operational will give employment to 1,200 workers, since steel sheet and plate is in demand for a wide range of applications, such as cookers, refrigerators, desks, filing-cabinets, kitchen utensils, car bodywork, shipbuilding, railway wagons, packaging for food, detergents, oils and lubricants and other articles without number.

SIDOR at present employs some 7,500 people and is the main source of supply for home requirements while also exporting a considerable tonnage of its products.

The moment has now come for SIDOR to start its great leap. The Venezuelan Government's Plan of Action includes basic measures to ensure the economic independence and well-being of all Venezuelans, viz. a policy of full employment, industrial development and diversification so as to increase the value of raw materials by transforming them into finished and semi-finished products selling at higher prices, the substitution of home products for imports and a great effort to expand agriculture and livestock production.

The programme known as Plan 4 which is designed to increase SIDOR's steel production capacity fourfold to 4 million tonnes by 1978, is an integral part of the Venezuelan Government's Plan of Action, which is being directed by Sr. Carlos Andrés Pérez.

### The Human Factor

In pursuance of an economic policy with a profound social content, the Government of Venezuela has decided that of all the country's rich mineral deposits, iron should not continue to be mined only for export, thus depriving the Venezuelans themselves of most of the benefits. The nationalization of the steel industry will mean that the value of the ore proper will be enhanced by processing to convert it into steel products to

satisfy entirely the demand of the home market and for export to countries with no steel of their own.

There is no doubt that Plan 4 will be a landmark in the history of SIDOR and Venezuela. Briefly, the plan means investing 6,000 million bolivares (1,395.3 million American dollars), an annual steel production of 4 million tonnes, earnings of 4,000 million bolivares (930.2 million American dollars) and permanent employment for a further 8,000, including specialist engineers, office staff and steel workers, giving SIDOR a total work-force of almost 16,000 who would in turn provide work for some 80,000 Venezuelans.

It is a well-known fact, however, that economic measures in themselves are not sufficient to develop a country and assure its population of social and economic benefits. The human factor is a vital element in all development. Without sufficient trained personnel in priority development areas, Venezuela will not be able to move forward and assure its future. Now and in the future, development must serve people and contribute to the nation's well-being. The challenge is being met; Venezuela is educating and training its young people. This moment in Venezuela's history requires thousands of experts, technologists, technicians and experienced workers if progress and well-being are to be made a reality. The steel industry, the petrochemical industry, agriculture, and the extensive forests and seacoasts of Venezuela all need experts if a definite advance is to be achieved.

### Education and Training

Only between now and 1976, SIDOR will need the combined efforts of 250 new metallurgical, mechanical, chemical, industrial and electrical engineers and technologists, and 100 university graduates in management, accountancy and economics. It is vital, therefore, to attract people to make their careers in the steady and well-paid posts offered by SIDOR, which is the best possible field for professional and technological specialization, experience and training.

One highly appropriate response to this historical challenge is the scholarship scheme, which carries the name *Gran Mariscal de Ayacucho* and was instituted to honour the memory of General Antonio José de Sucre, the hero of Venezuelan and Peruvian independence. This represents an enormous effort by the Venezuelan Government to train 10,000 young people yearly, in Venezuela and abroad, in the fields required by the country's development plans.

In 1819, when the *Congress of Angostura* was inaugurated in Venezuela, when the war of independence was at its height, Simón Bolívar, speaking at the Congress that laid down the bases for the establishment of *Gran Colombia*, said with true visionary genius, "I see her (Venezuela) sending the treasures of her mountains to the confines of the earth..."

There in the town of Angostura, which today is known as Ciudad Bolívar, the liberator of Venezuela saw her with a greater destiny, visualizing the country's buried treasures being despatched to all the corners of the earth, transformed into products assuring the well-being of all those who work towards material, cultural and professional advance and Venezuela's economic independence.

Top left—Part of the Orinoco Iron and Steel Works, on the banks of the Orinoco.

Centre left—The tin-plate and electrolytic-chromium-plating production line.

Bottom left—One of the electric reducing furnaces for the production of pig iron.

Above—Teeming steel into ingot moulds.

Below—A panoramic view of the Orinoco Steelworks, in the Matanzas region of Guayana, Venezuela.

SIDERÚRGICA del ORINOCO (SIDOR)



# Draft oil Bill before the President today: nationalization expected next year

by Roger Vielvoye  
Energy Correspondent

President Carlos Andrés Pérez will today examine the new draft Bill for the nationalization of the oil industry in Venezuela, the world's third largest oil exporter. Nationalization will not take place until early next year and has not been altogether unexpected.

The Bill has been drafted by a commission which was set up by the President shortly after he took office earlier this year. A spokesman for the commission said on Thursday that the draft Bill had been completed and would be examined by the President today, the date which had been set for its completion.

An official from the Ministry of Mines and Hydrocarbons said that when the President had studied the draft Bill, it would be formally presented to Congress, then returned to the President for reenactment. He

added: "This process could take several months and the draft Bill may undergo some slight modifications in Congress."

The dramatic events of the past year in the Middle East have tended to overshadow the fundamental changes that have been taking place in the structure of Venezuela's oil industry.

While the Arabs captured the headlines by demonstrating the political power of oil through reducing supplies to their major customers, quadrupling prices and taking a 50 per cent holding in the major oil companies' concessions, the Venezuelans have quietly set in motion the machinery for a complete state takeover of the industry.

Venezuela's action is nowhere near as dramatic as it sounds. The country was one of the first major exporters of oil and since the first finds were made in the early years of this century it has cumulatively sold more oil into world markets than any other producing country.

As such it has one of the oldest oil concessions systems in the world. The bulk of these are to expire in 1983. At this stage the concession areas and all the production facilities installed by the foreign oil companies that dominate the industry, would automatically revert to the state without any payment of compensation. The companies would then legally have no further interest in the country.

The major oil companies were not entirely unhappy about the situation since it gave them the opportunity to define their future relationship with the nationalized oil industry at a time when it was important that they should know what sources of crude oil would be open to them in the years ahead.

The companies realize that they would have had to begin negotiations with the Venezuelans about their post-1983 reversions position before the end of the decade since they do not want to sever connections

with this valuable source of crude oil. And with the principal outlets for Venezuelan oil in the western hemisphere controlled by the major companies, the Venezuelans are keen that there should be some continuity.

The commission was intended to reflect all shades of political thinking in the country and included representatives from the public and private sectors of industry and several oil experts. The major oil companies which have controlled the industry since the First World War were understandably not represented.

As well as setting up the commission, President Pérez established four separate bodies which will carry out the recommendations on reversion as soon as the draft Bill is approved and ensure that there is as little disruption as possible during the takeover period.

Each of the three largest foreign oil groups—Gulf Oil's Mexco subsidiary, Shell's Venezuelan offshore, and the Exxon Corporation's

subsidiary, Creole Petroleum Corporation—will be one of these organizations detailed to supervise its operations during reversion and the fourth will handle the remaining smaller concessions holders.

These supervisory bodies will be managed by Venezuelans who have been recruited from the senior ranks of the oil companies. There is plenty of managerial talent to choose from since the foreign oil companies use few expatriates in their Venezuelan operations. The state oil company, Corporación Venezolana del Petróleo (CVF), is also well established.

The commission faced a number of difficult problems including the demands from the left for immediate nationalization of the industry and the exclusion of all foreign interests. CVF would be obliged to take over all the operational functions of the industry without outside help. Even the major oil companies have to bring in specialist contractors for certain jobs.

It is also doubtful whether the nationalized industry could market the entire output of the country without long-term contracts with the existing operating companies.

In some aspects, the work of the commission has been made easier. In 1943, the Venezuelans, concerned at the large variety of types of concession agreements with the oil companies, brought them together, gave them all similar conditions and extended them for 40 years—until 1983.

This rationalization of the concessionary system covers all the areas held by the oil companies with the exception of those new concessions granted in Lake Maracaibo in 1956. These concessions are to run into the 1990s but will also revert to the state at the same time as the older areas.

The best that the oil companies can hope will emerge from the deliberations of the commission is a long-term sales contract on similar lines to that concluded by Iran with the consortium

of western oil companies operating the major concessions in the country.

Iran told the companies that either they could continue their present oil agreement until the end of the decade when it would legally expire and when they would be treated like any other potential buyer of oil, or they could agree to a new contract immediately under which they would be given preferential buying rights under a long-term sales contract.

A similar long-term sales contract, absorbing the bulk of Venezuela's production would suit the oil companies and also provide a measure of continuity for the emerging national oil industry. Even Venezuelans concede that CVF, or any body set up to administer the entire national oil industry, would not want to have the task of seeking buyers for a large chunk of the national output at a time when they were also being made in Venezuela by the oil companies.

Little new investment is being made in Venezuela by the oil companies. The mature fields that provide

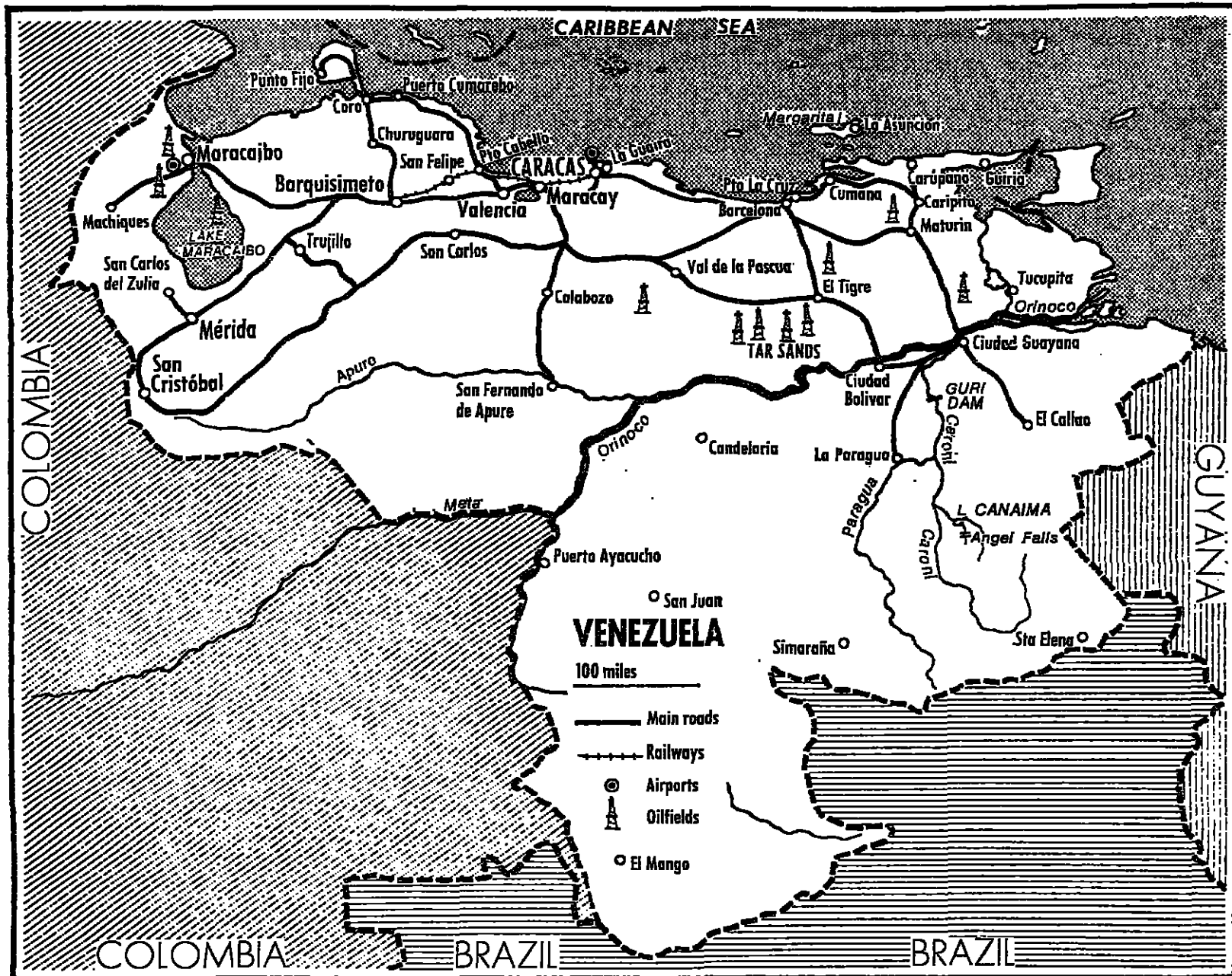
the bulk of the production are unable to maintain their flow and this has led to a depletion of the oil companies' reserves.

As well as a long-term sales contract, the companies will also want compensation for the early reversion, although the chances of this happening are much slimmer. If the concessions continued until their expiry date in 1983, the companies would hand over all their assets without any question of compensation.

If reversion takes place next year, the companies would like to see some measure of compensation for the loss of the eight years' production right to Venezuelan oil. But the best they can hope for is compensation for their assets at not exceeding the net book value. Estimates put the gross value of the Venezuelan oil industry's property, plant and equipment at \$7,800m although because of depreciation the net book value was only \$2,500m.

With so many im-

ages to take into account there is still a picture about the size and shape of the industry. One thing is certain: there will be room for private enterprise to play a part in the nationalization and production of the industry. Although state interests hold a 6 per cent of Creole Petroleum, amounts of capital for the future expansion of the industry can come from the state's increased revenues.



Workmen clearing up crude oil spillage at Boscan.

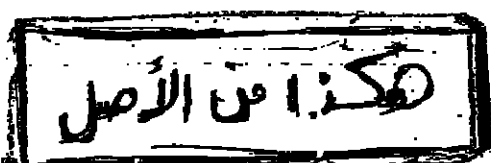
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## The time has come for conserving reserves

Venezuela's oil industry is suffering from the same malady that is hitting oilfields in the United States: old age. Like many of the traditional oil zones in the United States, Venezuelan reserves are beginning to feel the effects of over half a century of exploitation.

With production running at just over three million barrels a day, Venezuela is third in the world exporting league behind Saudi Arabia and Iran. Unfortunately, the country's reserves are not in the same class as its Middle East partners in the Organization of Petroleum Exporting Countries (OPEC).

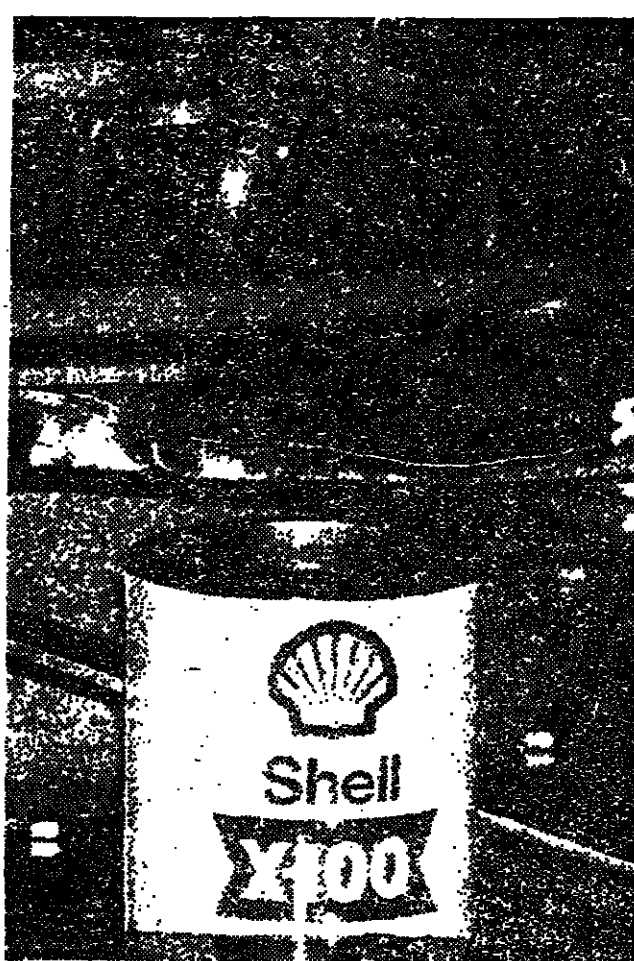
At the end of 1973 Venezuela's proven oil reserves were estimated at 14,000 million barrels—a substantial drop on the 20,000 million barrels at the end of 1967. In comparison, Saudi Arabia has 132,000 million and Iran 60,000 million barrels of reserves.

Reserves of this level cannot support output of over three million barrels a day for very long. The general level of production over the last five years has remained static and even declined slightly when the Middle East countries were increasing their production to take advantage of the increasing demand for oil in the industrialized nations.

Development of new reserves could help the situation but apart from large deposits of tar sands, there are few areas that have not been comprehensively explored. The only alternative is a reduction in the level of output, a move that has become economically feasible with the rapid increase in oil prices which this year should push the national revenues from oil to about \$10,000m, approximately four times the Government's budget expenditure.

The first, but small, step has already been taken in this direction. On April 15, the Government ordered the oil companies to cut back production by 5 per cent. The aim was to conserve the natural gas produced in association with oil, which is normally flared off at the wellhead when there is no immediate commercial use.

Naturally, the Government has enforced the cut-backs in areas where the



A factory for canning motor lubricants has been established on the Shell oil refinery site at Cardón.

ratio between gas and oil is highest. The effect of this action has been to reduce the nation's overall output by around 160,000 barrels a day on the average daily output of 3,200,000 barrels a day in the first three months of this year.

At the time of the reduction order, the Government claimed that the conservation measures would not affect exports. However, the cutback is already being felt, particularly by the Exxon Corporation's subsidiary, Creole Petroleum, which has estimated its production will be between 10 and 15 per cent below that of last year.

The United States Company has advised its customers that deliveries of refined products will be 14.3 per cent below orders from May 1. Mr R. N. Dolph, Creole's president, said the cutback avoided if there was a sub-

stantial curtailment of output.

The United States would be the most seriously inconvenienced if Venezuelan output suffered another drop. In 1973, the United States imported 1,800,000 barrels a day of crude oil and refined products from Venezuela. Canada took 375,000 barrels a day. A sizeable portion of this trade is in refined products as Venezuela has a much larger refining capacity than other exporting countries in the Middle East and North Africa.

All three major producers have large refineries: Shell, a 348,000 barrels a day plant; Creole, a 630,000 barrels a day capacity unit; and Gulf, a 159,000 barrels a day plant. In addition, Chevron, Mobil and Sinclair have sizable units helping to bring the overall refining capacity of Venezuela to 1,500,000 barrels a day.

Large amounts of Venezuelan crude also finds its way into two large offshore refineries operated by Exxon and Shell in the Netherlands Antilles. At Curaçao, Shell has the capacity to process 425,000 barrels a day and Exxon's Aruba plant can handle 520,000 barrels a day.

The most serious threat posed to supplies from Venezuela this year has receded. From April 8, the operating companies had been told to prepare to pay their royalties to the Government in crude oil instead of cash. Payment in crude had never been made before and as Venezuela had a bigger royalty—16½ per cent against the more usual 12½ per cent—the Government announcement caused considerable concern among the oil companies which warned their customers that large cuts in deliveries were possible.

Payment of the royalty in crude represented 330,000 barrels a day. There were rumours that CVF would sell part to the state oil companies in Mexico and Peru and place the remainder on the open market. Later in the month, the Government announced it had decided to postpone the royalty in crude until it had analysed the world market situation. The review led to a decision to continue taking royalties in cash.

The large amount of oil that has been a matter of contention for some time years ago, the Government took responsibility for natural gas and studied plans for using this as fuel.

The construction of a liquefaction plant, so the gas could be shipped tankers to the United States was considered. But now appears to have been put on the use of as a feedstock for the chemical industry.

Further reserves of gas could be uncovered by fresh bout of exploration that could get underway once the reversion has been settled. France expressed interest in operating in exploration presumably on a contract basis in the Orinoco region. One of the most likely areas for new reserves is the Gulf Venezuela, but exploration has been held up by a standing territorial dispute with Colombia.

Venezuela's best hope of staying among the world leading oil producers is with the development of tar sands, which occur in a belt 360 miles long, between 24 and 30 miles from the Orinoco river, about 120 miles from the coast.

They were discovered in the early 1940s. However the sands are located at depths of between 150 and 300ft thick at depths of between 600 and 4,000ft which until recently made commercial exploitation unlikely.

A recent Government study put the total tar sand oil reserves at 700,000 million barrels of which about 10 per cent could be exploited by thermal recovery methods. Venezuela's tar sands offer substantially more than those found in Athabasca in Canada, where the sands are in hand for a long time.

About 5 per cent of the Canadian reserves occur at less than 150ft and can be stripped fairly cheaply. The Venezuelan reserves like the rest of the Canadian deposits, must be recovered by drilling wells and using thermal recovery methods.